

BEFORE THE PUBLIC UTILITIES COMMISSION **FILED**  
OF THE STATE OF HAWAII

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In the Matter of the Application )

of )

THE GAS COMPANY, LLC dba HAWAII GAS )

For approval (1) to commit funds in excess of )  
\$500,000 for the proposed SNG System )  
Backup Enhancement Project, (2) of the Fuel )  
Supply Agreement, (3) of the Fuel Delivery )  
Contract, and (4) to include the costs of the )  
Fuel Supply Agreement and Fuel Delivery )  
Contract in the Fuel Adjustment Clause of The )  
Gas Company, LLC dba HAWAII GAS. )

PUBLIC UTILITIES  
COMMISSION  
Docket No. **2013-0184**

APPLICATION

ATTACHMENTS 1 THROUGH 10

VERIFICATION

AND

CERTIFICATE OF SERVICE

Joseph J. Boivin  
Senior Vice President  
Public Affairs & Communications  
The Gas Company, LLC dba HAWAII GAS  
745 Fort Street, Suite 1800  
Honolulu, Hawaii 96813  
Phone No.: 808-535-5934

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APPLICATION

TO THE HONORABLE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII:

THE GAS COMPANY, LLC dba HAWAI'IGAS ("HAWAI'IGAS" or "Applicant"), pursuant to Section 2.3.f.2 of the Hawaii Public Utilities Commission's ("Commission") General Order No. 9, Standards For Gas Service Calorimetry, Holders & Vessels In The State of Hawaii ("General Order No. 9"), and Hawaii Administrative Rules ("HAR") Chapter 6-61, and HAR § 6-60-6(2), hereby submits this application ("Application") requesting that the Commission issue, by no later than October 8, 2013,<sup>1</sup> a decision and order:

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<sup>1</sup> As discussed in Section V (Request for Expedited Approval) below, HAWAI'IGAS respectfully requests a final decision and order from the Commission by October 8, 2013. However, HAWAI'IGAS recognizes that the Commission may be unable to complete its review of the Application and/or issue its final decision and order by October 8, 2013; in such event, HAWAI'IGAS respectfully requests that the Commission issue an interim decision and order by October 8, 2013, followed by a final decision and order upon completion of the Commission's review.

1. Approving, pursuant to Section 2.3.f.2 of General Order No. 9, the commitment of expenditures to undertake, construct, and install HAWAII'IGAS' proposed SNG System Backup Enhancement Project, as further described below (the "Backup Enhancement Project");<sup>2</sup>
2. Approving the fuel supply agreement between HAWAII'IGAS and [REDACTED] ("Fuel Supply Agreement"), as further described below and attached hereto as Attachment 1;<sup>3</sup>
3. Approving the fuel delivery contract between HAWAII'IGAS and [REDACTED] ("Fuel Delivery Contract"), as further described below and attached hereto as Attachment 2;
4. Approving the prices and payments to be paid by HAWAII'IGAS for fuel and fuel delivery under the Fuel Supply Agreement and the Fuel Delivery Contract, respectively, and finding that said prices and payments are reasonable under the circumstances;
5. Authorizing, pursuant to HAR § 6-60-6(2), the inclusion of the costs to be incurred under the Fuel Supply Agreement and the Fuel Delivery Contract, including without limitation, the costs associated with the fuel, transportation, storage, and applicable taxes and assessments, for recovery in Applicant's Fuel Adjustment Clause ("FAC") to the extent that the costs are not recovered in Applicant's base rates; and
6. Granting such other relief as may be required and/or otherwise just and reasonable under the circumstances.

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<sup>2</sup> HAWAII'IGAS anticipates that the proposed Backup Enhancement Project will cost approximately \$950,725. Attachment 9 of this Application provides a detailed description of the Capital Budget, including the planned capital expenditures for the required equipment, and further details on the anticipated cost.

<sup>3</sup> Portions of the Application and the attachments have been redacted as confidential subject to the terms of a Protective Order to be issued in this docket. Subsequent to the filing of the instant Application, HAWAII'IGAS will request Commission approval of a Stipulation for Protective Order, pursuant to HAR § 6-61-50. Once the Commission approves and/or issues a decision establishing the Protective Order to govern the filing of confidential information in the subject docket, the confidential portions of the Application and the attachments will be filed pursuant and subject to the terms of that Protective Order.



In support of this Application, HAWAII'IGAS provides the following information:

## **I. CORRESPONDENCE AND COMMUNICATIONS**

Pleadings, correspondence and notices regarding this Application should be directed to the following:

Tom Kobashigawa  
Director, Regulatory Affairs  
**HAWAII'IGAS**  
745 Fort Street, Suite 1800  
Honolulu, HI 96813  
Telephone: (808) 535-5915

## **II. DESCRIPTION OF APPLICANT**

HAWAII'IGAS, whose principal place of business is at 745 Fort Street, Suite 1800, Honolulu, Hawaii 96813, is a duly franchised public utility, providing gas service throughout the major islands of Hawaii.<sup>4</sup> HAWAII'IGAS engages in both regulated and non-regulated gas utility operations, serving approximately 68,700 customers throughout the State of Hawaii.

HAWAII'IGAS' regulated gas operations consist of the purchase, production, transmission, and distribution through underground gas pipelines, and sale for residential, commercial, and industrial uses, of synthetic natural gas ("SNG") and liquid petroleum gas ("LPG"), which are cleaner alternatives to other oil-based energy sources in Hawaii.

HAWAII'IGAS' non-regulated gas operations involve the purchase, distribution, and sale of tanked and bottled LPG to residential, commercial, and industrial customers throughout the State of Hawaii.

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<sup>4</sup> HAWAII'IGAS is duly organized, validly existing, and in good standing under the laws of the State of Hawaii. HAWAII'IGAS holds a franchise ("Franchise") granted by the Legislature of the State of Hawaii to "manufacture and supply gas for use as a fuel, illuminating purposes and otherwise, throughout the State[.]" Act 262, Session Laws of Hawaii 1967. See also Decision and Order No. 20354, issued on July 25, 2003, in Docket No. 03-0051 ("Decision and Order No. 20354").

Since 1904, HAWAII'IGAS and its predecessors have expanded their gas utility operations to encompass the entire State of Hawaii.<sup>5</sup> HAWAII'IGAS currently employs approximately 310 employees, and conducts both regulated and non-regulated gas operations on the islands of Oahu, Hawaii, Kauai, Maui, Molokai, and Lanai, through its Honolulu, Hawaii, Kauai, and Maui gas divisions. Utility gas operations on the islands of Molokai and Lanai are managed through the Maui division.

### III. BACKGROUND AND DESCRIPTION OF THE PURPOSE OF, NEED FOR, AND BENEFITS OF THE BACKUP ENHANCEMENT PROJECT

As discussed in further detail below, the purpose of the Backup Enhancement Project is to provide substantially increased backup capacity for HAWAII'IGAS' SNG customers. The increased backup capacity is needed in order to address potential disruptions to the SNG Plant's operations, as HAWAII'IGAS is concerned that such disruptions may occur more frequently and/or for longer durations than in the past.<sup>6</sup> HAWAII'IGAS' concerns regarding potential increases to the frequency and duration of SNG Plant outages arise out of the anticipated transition of Tesoro Hawaii LLC's ("Tesoro") Kapolei refinery ("Refinery"), which currently provides 100% of the SNG Plant's feedstock supply, to a new owner and operator, Hawaii Pacific Energy LLC, a subsidiary of Par Petroleum Corp. ("Par"). HAWAII'IGAS'

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<sup>5</sup> Initially, the Franchise for the manufacture and supply of gas was granted to Honolulu Gas Company in 1904. Then, in 1971, the Commission approved the reorganization and merger of Honolulu Gas Company with Gasco, Inc., a wholly-owned subsidiary of Pacific Resources, Inc. ("PRI"). See, In re Honolulu Gas Co. Ltd., Docket No. 1861, Decision and Order No. 2762 (May 27, 1971). In 1989, the Commission approved the acquisition of PRI by Broken Hill Proprietary Company, Limited, the parent company of BHP Hawaii Inc ("BHP"). See, In re Gasco, Inc., Docket No. 6386, Decision and Order No. 10157 (March 9, 1989). In 1997, the Commission approved the acquisition and merger of Gasco, dba BHP Gas Company, with Citizens Utilities Company ("Citizens"). See, In re BHP Hawaii Inc. et al., Docket No. 97-0035, Decision and Order No. 15899 (September 10, 1997). In 2003, as part of a transfer of control over HAWAII'IGAS' assets from Citizens to k1 Ventures Limited, the Commission, among other things, approved the sale of HAWAII'IGAS' assets, including the assignment of the Franchise. See, Decision and Order No. 20354. In 2006, the Commission, among other things, approved the transfer of HAWAII'IGAS' upstream membership interests from k1 Ventures Limited to Macquarie Gas Holdings LLC. See, Decision and Order No. 22449, issued on May 3, 2006, in Docket No. 05-0242.

<sup>6</sup>



increased concerns regarding the impacts that the transfer of the refinery may have on the SNG Plant's operations are discussed further in Section III.A below.

If any outages should occur at the SNG Plant due to a planned event, such as a SNG Plant maintenance or repair project, or unplanned event, such as a disruption to SNG Plant feedstock, e.g. because of an operational issue at the Refinery, the Backup Enhancement Project will enable HAWAI'IGAS to provide reliable, continuous service to its SNG customers for a period of [REDACTED] when combined with the current propane-air backup system (which is a significant increase over the current backup range of [REDACTED]).<sup>7</sup> The increased backup time available with the Backup Enhancement Project will provide HAWAI'IGAS with increased flexibility to respond to supply disruptions from the Refinery as well as complete maintenance and repair projects on its SNG Plant and SNG transmission and distribution pipelines in a timely and cost effective manner. The Backup Enhancement Project can also be mobilized and used to directly inject gas into HAWAI'IGAS' SNG transmission and distribution pipelines at a project site or in the event the current backup system is unavailable. The benefits of the proposed Backup Enhancement Project are described in Section III.B below.

**A. DUE TO THE PENDING TRANSFER OF THE REFINERY TO A NEW OWNER AND OPERATOR, HAWAI'IGAS HAS CONCERNS REGARDING THE RELIABILITY OF THE REFINERY AND POTENTIAL IMPACTS TO HAWAI'IGAS' SNG PLANT OPERATIONS**

As indicated in various prior Commission proceedings, HAWAI'IGAS' SNG Plant is dependent on the Refinery for feedstock.<sup>8</sup> On June 17, 2013, Tesoro announced that it had entered into an agreement to sell Tesoro Hawaii, LLC (essentially, the Refinery and dozens of

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<sup>7</sup> For more details on the standby time analysis, please see the Backup Capacity Analysis, attached hereto as Attachment 3.

<sup>8</sup> See, e.g., Docket 2013-0101, Decision and Order No. 31281 at 3.

retail gas stations) to Par.<sup>9</sup> HAWAII'IGAS has been informed and understands that the sale is expected to close during the third quarter of 2013 and that Par intends to operate the Refinery. After having shut down its Refinery operations earlier this year, Tesoro is currently in "restart mode" at the Refinery, "ordering crude oil, getting it shipped in and getting all of [the Refinery] units fired up."<sup>10</sup> The pending sale of the Refinery (which is the sole supplier of feedstock to the SNG Plant) and the transfer of Refinery operations to new ownership (which is expected to occur in the third quarter of 2013) has heightened HAWAII'IGAS' concerns regarding the operational reliability of the Refinery, especially during the initial transition period to new ownership.

Although the Refinery has changed ownership in the past,<sup>11</sup> the prior transitions to new ownership were relatively seamless, with the Refinery remaining fully operational throughout the sale and transition period, and without the announcement of any major changes to operations or personnel during the transition period. In stark contrast, the pending sale of the Refinery to Par has been preceded by the shutdown of Refinery operations and the transition to convert to a "terminal operation."<sup>12</sup> In addition, Tesoro announced that "between 180 and 200 positions will be affected by the closure,"<sup>13</sup> (out of approximately 240 Refinery employees); this announcement may have caused experienced, key Refinery personnel to seek employment elsewhere, and potentially unavailable to return to work at the Refinery. The loss of

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<sup>9</sup> Duane Shimogawa, Tesoro Hawaii being sold to Par Petroleum Corp. for nearly \$400M, PACIFIC BUSINESS NEWS, June 17, 2013, attached hereto as Attachment 4.

<sup>10</sup> See id.

<sup>11</sup> The Refinery (originally known as the Hawaiian Independent Refinery, Inc. ("HIRI"), a wholly owned subsidiary of Pacific Resource Inc. ("PRI")) has been sold on two previous occasions. In 1989, PRI, along with its subsidiaries HIRI and Gasco, the predecessor of HAWAII'IGAS, was sold to Broken Hill Proprietary Co. ("BHP"). In 1998 BHP's Hawaii assets, including the Refinery and 32 Gas Express stations, were sold to Tesoro Corporation. See Rob Perez, BHP Hawaii completes sale to Tesoro, Honolulu Advertiser, May 29, 1998.

<sup>12</sup> Duane Shimogawa, Tesoro converting Hawaii refinery to a terminal, PACIFIC BUSINESS NEWS, January 8, 2013, attached hereto as Attachment 5.

<sup>13</sup> Id.

experienced, key personnel can have a major impact on any operation or business. During the initial transition period when Refinery operations will be transferred to the new owner, even a relatively minor upset in operations could result in a protracted delay in getting the Refinery operations back online and could thus cause an extended interruption of feedstock supply to the SNG Plant, especially if key personnel with experience and knowledge of Refinery operations are not on hand to quickly remedy the situation.

HAWAI'IGAS has been informed and understands that Tesoro intends to restart the Refinery in September 2013 and that once the Refinery is operating, the transition to new ownership is scheduled to occur shortly thereafter. In light of the above-described concerns regarding the reliability of SNG Plant feedstock supply as the Refinery transitions to new ownership, HAWAI'IGAS has determined that in order to ensure that SNG customers continue to receive reliable utility gas service, even in the event of protracted Refinery operational issues that interrupt SNG Plant operations, HAWAI'IGAS should enhance its ability to address potential SNG Plant outages. In that connection, HAWAI'IGAS proposes to implement its Backup Enhancement Project, which, as further described below, will substantially increase HAWAI'IGAS' ability to provide continuous, reliable utility gas service to SNG customers during an SNG Plant outage.

**B. THE BACKUP ENHANCEMENT PROJECT WILL SIGNIFICANTLY INCREASE THE SNG SYSTEM BACKUP CAPACITY**

1. **Existing SNG System Backup Capacity of Approximately [REDACTED]**<sup>14</sup> On Oahu, HAWAI'IGAS manufactures SNG at its SNG Plant, located at Campbell Industrial Park, and the SNG feeds into a transmission and distribution system that serves the main business and residential corridor along the Southern half of Oahu, from Campbell Industrial Park to Hawaii Kai. The SNG transmission pipeline itself is the sole source of stored SNG that can be

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<sup>14</sup> See Figure 1 (SNG Backup Supply Times) of Attachment 3.

used to provide SNG service to utility customers during an SNG Plant outage. Under current operating conditions, the SNG stored in the transmission line is sufficient to provide service to HAWAI'IGAS' SNG customers for [REDACTED], depending on demand and the amount of gas stored in the pipeline when the outage occurs. In order to increase the length of time that SNG service can be reliably and continuously provided to customers during an SNG Plant outage, HAWAI'IGAS has a Propane-Air Backup System ("PABS"), located at Pier 38, that supplements the SNG stored in the SNG transmission line with propane-air.<sup>15</sup> The PABS increases HAWAI'IGAS' SNG backup capacity to approximately [REDACTED]. [REDACTED] The backup capacity is a function of current operating standards and safety codes which require that the specific gravity of gas used to provide service to SNG customers through the SNG pipeline cannot be heavier than air, which has a specific gravity of 1.0.<sup>16</sup> The SNG system's backup capacity can be further extended by injecting an additional source of lighter-than-air gas into the SNG pipeline to increase the amount of blended gas available for distribution to SNG customers while also ensuring that the blended gas maintains a specific gravity below 1.0, as required by current operating standards and safety codes.

**2. Proposed Backup Enhancement Project Will Increase SNG System Backup Capacity.** As stated above, the purpose of the proposed Backup Enhancement Project is to supplement and substantially increase HAWAI'IGAS' existing SNG system backup capacity. The Backup Enhancement Project will accomplish this by providing a source of lighter-than-air gas that can be mixed with the propane-air and injected into the SNG pipeline, thereby increasing the amount of blended gas available for distribution to SNG customers while also

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<sup>15</sup> During planned and unplanned SNG Plant outages, the PABS produces a propane and air mixture that is blended with the SNG stored in the SNG transmission pipeline. This propane-air/SNG blended gas is then used to maintain SNG service to HAWAI'IGAS' SNG customers until the SNG Plant is back in operation.

<sup>16</sup> See Uniform Plumbing Code, Section 1213.6 "Liquefied petroleum gas piping shall not serve any gas water heater located in a pit or basement where heavier than air gas might collect to form a flammable mixture." The City and County of Honolulu has adopted by reference the Uniform Plumbing Code in the Revised Ordinances of the City and County of Honolulu, Chapter 19, Plumbing Code Section 19-4.1.



ensuring that the blended gas maintains a specific gravity below 1.0, as required by current operating standards and safety codes. The Backup Enhancement Project can also be mobilized and used to inject lighter than air gas directly into HAWAI'IGAS' SNG transmission and distribution system. Ultimately, this will increase HAWAI'IGAS' ability to provide continuous, reliable utility gas service to its SNG customers, from the existing maximum backup time of approximately [REDACTED], to a range of [REDACTED], depending on system demand and amount of SNG stored in the pipeline when the outage occurs.<sup>17</sup>

a. Increased Backup Capacity Mitigates Increased Risk of SNG Plant Outages That May Occur In Connection With The Transfer Of The Refinery. As indicated in Section III.A above, HAWAI'IGAS believes that the proposed Backup Enhancement Project is critical to ensuring reliable utility service to its SNG customers, especially over the coming months as ownership and operation of the Refinery is transferred. In connection with the anticipated restart and transfer of the Refinery, HAWAI'IGAS is concerned that operational issues at the Refinery may cause more frequent and/or longer disruptions at the SNG Plant than in the past. Due to the SNG Plant's dependence upon the Refinery for feedstock, HAWAI'IGAS believes that increased backup capacity is needed in order to address potential disruptions to the SNG Plant's operations that may occur as a result of operational issues at the Refinery.

b. Increased Backup Capacity Increases Flexibility To Perform SNG System Maintenance And Repair Work In A Timely And Cost Effective Manner. For reliability purposes, the SNG Plant was built with considerable redundancy of major components. Additionally, the SNG Plant has certain capabilities to switch to backup equipment for certain periods so that maintenance and repair projects can be done without shutting down the entire SNG production

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<sup>17</sup> [REDACTED]  
[REDACTED] For more details on the backup time analysis, please see the Backup Capacity Analysis, attached hereto as Attachment 3.

process. However, certain circumstances do require the complete shutdown of the SNG Plant in order to ensure that the repair or maintenance project is performed in a safe and orderly manner. These major maintenance or repair projects which require an SNG Plant shutdown are typically performed on an as needed basis and are carefully pre-planned, with parts and equipment pre-assembled to the extent possible, so that the repair or maintenance project can be completed as quickly as possible to ensure adherence to strict time limitations on the existing SNG system backup capacity available (i.e., currently, a maximum of approximately [REDACTED], as discussed in Section III.B.1 above).

With the transfer of the Refinery to a new owner, inexperienced staff at the Refinery could affect the quality and quantity of feedstock delivered to the SNG Plant, which could result in an unplanned shutdown of the SNG Plant. Without the benefit of pre-planning for the SNG Plant shutdown, HAWAI'IGAS will have less time to react and respond to a supply disruption from the Refinery within the backup time currently available. The total time required to respond to a supply disruption, including the time needed to safely shut down and start up the SNG Plant must safely fit within the backup time available.<sup>18</sup> The Backup Enhancement Project would be extremely beneficial by increasing the backup time available for HAWAI'IGAS to respond to a supply disruption from the Refinery.

The Backup Enhancement Project will also provide operational flexibility for planned maintenance projects, in the event they cannot be fully completed within the existing backup capacity period (i.e., for example, perhaps it would take a total time of [REDACTED] complete the project, which is [REDACTED] than the existing maximum backup capacity), or

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<sup>18</sup> [REDACTED]

[REDACTED] For more details on the backup time analysis, please see the Backup Capacity Analysis, attached hereto as Attachment 3.



during the process it is discovered that additional repair or maintenance (which would extend the total working time beyond the existing maximum backup capacity of [REDACTED] [REDACTED] is required. In these instances, in order to complete the necessary repair or maintenance work while still providing continuous gas service to its SNG customers, HAWAI'IGAS currently has no choice other than to schedule an additional costly SNG Plant shutdown.<sup>19</sup> Additional shutdowns diminish the reliability of the SNG Plant with the increased wear on the SNG Plant equipment from additional heating and cooling. The Backup Enhancement Project will help to reduce the wear on the SNG Plant equipment and will give HAWAI'IGAS increased operational flexibility to effectively aggregate more maintenance projects without any interruption to SNG service, and without the need to reschedule a second costly shut-down of the SNG Plant. In addition to SNG Plant shut downs, if there is a major distribution pipeline repair or maintenance project, the Backup Enhancement Project could be used in the field to provide gas supply to SNG customers downstream from the work site, which avoids interrupting service or installing a time consuming pipeline bypass and speeds up the time to complete the work.

#### IV. THE BACKUP ENHANCEMENT PROJECT

For the reasons explained above, the purpose of the Backup Enhancement Project is to provide continued reliability and substantially increased backup capacity for HAWAI'IGAS' SNG customers. Section IV.A below describes the Backup Enhancement Project, including an overview of the necessary equipment, fuel supply and delivery contracts, and a description of the project operations. Section IV.B below sets forth the currently anticipated timetable for completing the key tasks necessary for the Backup Enhancement

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<sup>19</sup> [REDACTED]

Project to be operational by October 24, 2013. Section IV.C below shows the projected cost breakdown for the Backup Enhancement Project.


#### A. DESCRIPTION OF THE BACKUP ENHANCEMENT PROJECT

1. **Equipment.** In order to implement the Backup Enhancement Project, HAWAII'IGAS' utility business proposes to purchase: (a) three liquefied natural gas<sup>20</sup> ("LNG")<sup>21</sup> International Organization of Standardization ("ISO") containers,<sup>22</sup> (b) a trailer chassis,<sup>23</sup> and (c) a trailer mounted (i.e., mobile) re-gasifier ("Re-Gasifier").<sup>24</sup> <sup>25</sup> In addition, HAWAII'IGAS will need to make certain improvements at Pier 38, where the PABS is located, to accommodate the Backup Enhancement Project system, including the installation of approximately 40 feet of three

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<sup>21</sup> HAWAII'IGAS notes that, as discussed herein, the proposed Backup Enhancement Project is solely to provide increased backup capacity to HAWAII'IGAS' existing utility SNG operations; specifically, the Backup Enhancement Project will increase utility gas service reliability to HAWAII'IGAS' SNG customers. The Backup Enhancement Project will not provide LNG for any other purpose. In the future, HAWAII'IGAS will be proposing to bring LNG to Hawaii as a statewide energy solution and intends to file applications seeking all Commission approvals applicable to HAWAII'IGAS' statewide LNG plans.

<sup>22</sup> Each ISO container will be . HAWAII'IGAS will use two of the ISO containers for LNG supply. The third ISO container (the "Standby ISO") will remain on Oahu for use in the event one of the supply ISO containers is damaged. In such case, the LNG in the supply ISO will be transferred into the Standby ISO area to mitigate and/or minimize the release of LNG.

<sup>23</sup> Because the Standby ISO needs to be mobile (so that it can be brought to any location where a supply ISO may be, in the event that a supply ISO is damaged), it will be mounted onto the trailer chassis.

<sup>24</sup> The Re-Gasifier will have 

<sup>25</sup> HAWAII'IGAS notes that its non-utility business previously purchased two ISO containers and a Re-Gasifier, at a time when HAWAII'IGAS' non-utility business intended to use such equipment to serve both utility and non-utility customers. However, HAWAII'IGAS' has elected to focus on the immediate need of the utility for this purchased, but never used equipment, and the HAWAII'IGAS utility business hereby proposes to purchase from HAWAII'IGAS' non-utility business, the two ISO containers and the Re-Gasifier for utility backup. See Attachment 9 Capital Budget for the utility purchase cost of this previously acquired equipment. HAWAII'IGAS has not yet committed any funds for the third ISO container, trailer chassis, and Pier 38 modifications.

inch steel gas piping and modification to the PABS software to ensure the proper mixing of propane-air with natural gas.<sup>26</sup>

2. **Fuel Supply Contract.** HAWAIIIGAS proposes to enter into a Fuel Supply Agreement to purchase LNG from [REDACTED] offering acceptable contract terms and the most competitive currently available price of LNG on a per therm basis.<sup>27</sup> The Fuel Supply Agreement is a [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. **Fuel Delivery Contract.** HAWAIIIGAS has entered into a Fuel Delivery Contract<sup>29</sup> with [REDACTED] roundtrip door-to-door pickup and delivery of the ISOs from the LNG supplier to HAWAIIIGAS on Oahu.<sup>30</sup> [REDACTED]

[REDACTED]

[REDACTED]<sup>31</sup>

3. **Total Delivered Cost.** [REDACTED]

[REDACTED]

[REDACTED] Compared to [REDACTED] which is the price of SNG used in the

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<sup>26</sup> See Attachment 9 for further details regarding the cost of the modifications.

<sup>27</sup> See Attachment 7 for further discussion regarding the LNG Supply Option and vendor selection process.

<sup>28</sup> [REDACTED]

<sup>29</sup> See Attachment 3 for the Fuel Delivery Contract between [REDACTED] and HAWAIIIGAS.

<sup>30</sup> For more details on ISO delivery, see section IV.4 below.

<sup>31</sup> [REDACTED] See Attachment 2 and Attachment 7 for further details and discussion of the cost of fuel delivery.

June 2013 Fuel Adjustment Clause charge, substituting LNG for SNG will result in a fuel cost savings for HAWAII'IGAS' ratepayers when the Backup Enhancement Project is utilized.

4. **Operations.** Under the proposed Backup Enhancement Project, the first step in the LNG supply-delivery cycle will occur at the liquefaction plant, where the interior of the ISO container will be chilled down to approximately -162° C and then filled with LNG. Once the LNG is loaded into the ISO container, third-party carriers (as arranged [REDACTED] pursuant to the Fuel Delivery Contract) will transport the filled ISO container from the liquefaction plant to an appropriate U.S. West Coast port. Once at the West Coast port, the ISO container will be transported to Hawaii via conventional container carrier vessel operated by Matson or Horizon Lines (again, as arranged [REDACTED] pursuant to the Fuel Delivery Contract). The carrier vessel will deliver the ISO container to Honolulu Harbor, where it will be unloaded onto trailer chassis and transported (again, as arranged [REDACTED] pursuant to the Fuel Delivery Contract) via existing State and County roadways to either the PABS site at Pier 38 or to HAWAII'IGAS' Kuhela base yard in Campbell Industrial Park.<sup>32</sup>

The LNG ISO container standby<sup>33</sup> time of [REDACTED], combined with the relatively short ISO cycle time of [REDACTED]<sup>34</sup> will provide HAWAII'IGAS with a high degree of operational flexibility in determining how often to cycle (fill/re-gasify cycle) the ISOs to best meet the SNG system backup requirements. Each ISO can be cycled at a maximum rate of approximately once every

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<sup>32</sup> If LNG is needed at the PABS, the ISO will be sent directly to Pier 38. If not, the ISO will be sent to the Kuhela base yard.

<sup>33</sup> [REDACTED]

<sup>34</sup> See Estimated ISO Container Cycle Time in Attachment 8.

██████████ or can be held in standby until it is needed for SNG system backup purposes, whereupon the ISO container will either be: (i) hooked up to the Re-Gasifier, the LNG re-gasified and combined with propane-air as a supplement to the PABS, or (ii) moved to a SNG pipeline repair or maintenance project site, where the LNG will be re-gasified and the resulting natural gas injected directly into the SNG distribution system for localized supply support.

When LNG is needed to supplement the PABS, a trailer loaded with an ISO container will be parked alongside a trailer carrying the mobile Re-Gasifier. The ISO container will be connected to the Re-Gasifier with specialized flexible hoses designed to withstand the cryogenic temperature of the LNG. Pressure-build valves will be used to increase the pressure in the ISO container to transfer the LNG to the Re-Gasifier, where the LNG will be converted to a gas, then sent through a meter and mixed with propane-air to provide additional backup capacity for the SNG system.<sup>35</sup>

Once the LNG in the ISO container is depleted, the empty ISO container will be transported to Honolulu Harbor for the return trip to the LNG supplier, and the cycle will start all over again. The entire cycle (starting with filling the ISO container with LNG at the liquefaction plant, and ending with the delivery of the empty ISO container back to the LNG supplier) is expected [REDACTED], depending on available container cargo ship sailing schedules and timing of holidays and weekends.<sup>36</sup> Based on this delivery schedule, HAWAII GAS anticipates there will be [REDACTED]

The Standby ISO and trailer chassis will help provide emergency response in the event one of the supply ISOs is damaged. The Standby ISO and trailer chassis will be stored at the Kuhela Base yard. The Standby ISO will be utilized to prevent an uncontrolled release of LNG

<sup>35</sup> See The Backup Enhancement Project Diagram, attached hereto as Attachment 6.

<sup>36</sup> See Estimated ISO Container Cycle Time, attached hereto as Attachment 8.

in the event one of the supply ISOs is damaged. The trailer chassis with the Standby ISO on it will be brought to the site of the damaged ISO holding LNG and the LNG in the damaged supply ISO will be transferred into the Standby ISO.

## **B. TIMELINE OF KEY TASKS**

Pending Commission approval of this Application (which HAWAII'IGAS is respectfully requesting by October 8, 2013), HAWAII'IGAS anticipates that the first ISO of LNG under the Backup Enhancement Project will arrive to Oahu and be available for SNG system backup support by October 24, 2013. To meet this operational date, HAWAII'IGAS will first ship an empty ISO container (ISO container A) to Hawaii to serve as the Standby ISO.<sup>37</sup> Following Commission approval of this application, HAWAII'IGAS will fill the second ISO container<sup>38</sup> (ISO container B) with LNG and ship it to Hawaii.<sup>39</sup> Simultaneously, HAWAII'IGAS will purchase the third ISO container (ISO container C). After the first shipment of LNG arrives in Hawaii, HAWAII'IGAS will begin testing the Backup Enhancement Project and the PABS. By then it is estimated that ISO container C will have arrived in California for filling. HAWAII'IGAS will then fill and ship ISO container C to Hawaii. Once ISO container C arrives in Hawaii, it will be held in storage until it is needed or the maximum standby time is reached.<sup>40</sup>

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<sup>37</sup> This ISO was previously purchased when HAWAII'IGAS was considering potential utility and non-utility use of the ISO container. The ISO was stored on the West Coast waiting to be filled with LNG. With the proposed purchase of ISO C, this ISO can now be used for standby on Oahu.

<sup>38</sup> This ISO was also previously purchase when HAWAII'IGAS was considering potential utility and non-utility use of the ISO container and was also stored on the West Coast waiting to be filled with LNG.

<sup>39</sup> Shipping both of the ISO containers at the same time would create a risk in the event the Standby ISO or the first supply ISO is damaged in transport. Shipping the ISO containers separately helps to ensure that the Standby ISO is ready in the event the first supply ISO is damaged.

<sup>40</sup> See supra, n.34 for more details on LNG standby time.

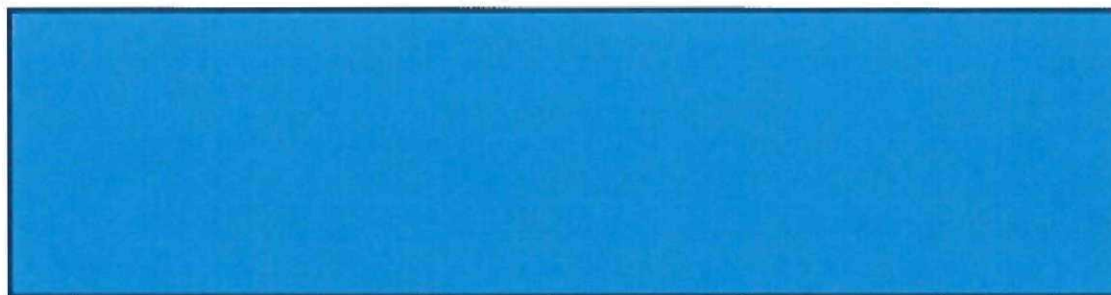


The following timetable sets forth the key tasks that need to be accomplished, and the anticipated timing for completing each task:


<u>Task</u>	<u>Estimated Date of Completion</u>
Ship empty ISO Container A to Hawaii	August 15, 2013
Receive empty ISO Container A	September 1, 2013
Fill ISO Container B with LNG and ship to Hawaii	October 9, 2013
Purchase ISO Container C	October 9, 2103
Receive ISO Container B	October 23, 2013
Conduct operational test with LNG from ISO Container B	October 23, 2013
Fill ISO Container C with LNG and ship to Hawaii	October 24, 2013
Receive ISO Container C	October 30, 2013


### C. COST OF BACKUP ENHANCEMENT PROJECT

The total cost of capital expenditures for the Backup Enhancement Project is currently estimated to be approximately \$950,725. The following sets forth a breakdown of the current estimated cost of the Backup Enhancement Project.<sup>41</sup>

	
<b>Total Estimated Cost</b>	<b>\$950,725</b>

<sup>41</sup> See further discussion regarding the comparison of the original and market cost hereto attached as Attachment 9 Capital Budget and the equipment selection process hereto attached as Attachment 10 Equipment Selection.

<sup>42</sup> As noted above, these two ISO containers were previously purchased by HAWAII'IGAS' non-utility business. See section IVA.1. above and as discussed further in Attachment 9, 

<sup>43</sup> As noted above, the Re-Gasifier was previously purchased by HAWAII'IGAS' non-utility business. See section IVA.1. above and as discussed further in Attachment 9, 

## **V. REQUESTS FOR APPROVAL AND AUTHORIZATION**

As set forth above, the proposed Backup Enhancement Project is intended to increase HAWAI'IGAS' SNG system backup capacity, thereby increasing the reliability of gas service to HAWAI'IGAS' SNG customers. The Backup Enhancement Project, which will supplement the existing PABS, will significantly increase the SNG system backup capacity. Implementation of this Backup Enhancement Project requires Commission approval and authorization of: (1) the commitment of funds for certain capital expenditures, (2) fuel supply and delivery agreements, including the prices and payments associated therewith, and (3) inclusion of such prices and payments in HAWAI'IGAS' FAC.

### **A. COMMITMENT OF FUNDS FOR CAPITAL EXPENDITURES**

HAWAI'IGAS seeks Commission approval, pursuant to the provisions of Section 2.3.f.2 of General Order No. 9,<sup>44</sup> to allow HAWAI'IGAS to commit or expend the necessary funds to undertake, construct, and install the Backup Enhancement Project, as described herein:

In support of this request HAWAI'IGAS hereby states the following:

1. The Backup Enhancement Project will increase the reliability of utility gas service to HAWAI'IGAS' SNG customers in the event of planned or unplanned SNG Plant outages;
2. The Backup Enhancement Project will mitigate potential increases in the occurrence and duration of SNG Plant outages over the coming months as the Refinery transitions to new ownership and operations;

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<sup>44</sup> Paragraph 2.3.f.2 of General Order No. 9 provides in relevant part: "Proposed capital expenditures for any single project related to plant replacement, expansion or modernization, in excess of \$500,000 or 10 per cent of the total plant in service, whichever is less, shall be submitted to the Commission for review at least 60 days prior to the commencement of construction or commitment for expenditure, whichever is earlier."



3. The Backup Enhancement Project will give HAWAII'IGAS increased operational flexibility to complete maintenance and repair work on the SNG Plant and SNG pipeline effectively, safely, without any interruption to SNG service, and in a cost-efficient manner;

4. The proposed capital expenditures are for equipment necessary to implement the Backup Enhancement Project, which will increase the reliability of gas service to HAWAII'IGAS' customers;

5. As shown in Attachment 9, the cost HAWAII'IGAS' utility business will incur for acquiring the two ISO containers and the Re-Gasifier from HAWAII'IGAS' non-utility business is the current market cost for the same equipment (or substantially same equipment that meets the required specifications), which cost is lower than the actual cost paid by the non-regulated business for the equipment; and

6. As shown in Attachment 9, the cost of the third ISO container plus a trailer chassis is lower than the cost of an ISO trailer (which is a trailer with an ISO container permanently affixed).

Based on the foregoing, HAWAII'IGAS contends that the Backup Enhancement Project is reasonable and in the public interest. HAWAII'IGAS believes that the commitment and expenditure of funds by its utility business, which is necessary to undertake, construct, and install the Backup Enhancement Project, is prudent and necessary to ensure HAWAII'IGAS' ability to provide reliable utility gas service to its SNG customers.

**B. APPROVAL OF FUEL SUPPLY AGREEMENT AND FUEL DELIVERY CONTRACT, AND PRICE/PAYMENTS FOR FUEL AND DELIVERY OF FUEL**

As discussed above, HAWAII'IGAS proposes to obtain its supply of LNG for this Backup Enhancement Project through a Fuel Supply Agreement with [REDACTED] and a Fuel Delivery Contract with [REDACTED]. HAWAII'IGAS contends that the terms and conditions of the

Fuel Supply Agreement and the Fuel Delivery Contract are just, reasonable, and in the public interest under the circumstances because:

1. These agreements will increase the reliability of utility gas service to HAWAI'IGAS' SNG customers through the Backup Enhancement Project;
2. [REDACTED] through the Fuel Supply Agreement, provides acceptable contract terms and the most competitive currently available price of LNG on a per therm basis,<sup>45</sup> and will provide HAWAI'IGAS with a reliable source of cost-effective LNG for the Backup Enhancement Project;
3. [REDACTED] has worldwide logistics and operating experience and expertise to coordinate the shipping and ground transport of a variety of containers, including LNG ISOs, and has the market size to command favorable trans-ocean shipping rates;
4. The specific terms and conditions of the agreements have been negotiated by the parties at "arms-length" and contain insurance, fuel specification requirements, risk of loss provisions, and other standard provisions to adequately protect HAWAI'IGAS and its customers from any risks associated with the supply of LNG by [REDACTED] and shipping and delivery of the LNG by [REDACTED] to HAWAI'IGAS; and
5. Moreover, the terms and conditions of the agreements will not negatively affect, and instead are necessary to ensure, HAWAI'IGAS' ability to provide reliable utility gas service to its SNG customers.

Likewise, HAWAI'IGAS contends that the price and payments it will be required to make under the Fuel Supply Agreement and the Fuel Delivery Contract to purchase and transport LNG are just and reasonable and in the public interest under the circumstances. Together, the Fuel Supply Agreement and Fuel Delivery Contract provide a degree of certainty with respect to

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<sup>45</sup> See Attachment 7 for comparisons with alternative fuel suppliers.

the source, timeliness, quantity, quality, and price of LNG that will be made available to HAWAII'IGAS for use in the Backup Enhancement Project.

For these reasons, HAWAII'IGAS respectfully requests Commission approval of the Fuel Supply Agreement and the Fuel Delivery Contract. In addition, HAWAII'IGAS requests that the Commission approve and find reasonable the prices and payments to be paid by HAWAII'IGAS under the Fuel Supply Agreement and the Fuel Delivery Contract.

### **C. AUTHORIZATION TO INCLUDE PAYMENTS IN FAC**

HAR § 6-60-6(2) provides that “[n]o changes in fuel and purchased energy costs may be included in the fuel adjustment clause unless the contracts or prices for the purchase of such fuel or energy have been previously approved or filed with the [C]ommission. HAWAII'IGAS currently implements its FAC through its Commission-approved tariff to recover its fuel costs. For the same reasons discussed in Section V.B above, HAWAII'IGAS respectfully requests Commission approval to include the payments (including applicable taxes and assessments) that are incurred by HAWAII'IGAS under the Fuel Supply Agreement and the Fuel Delivery Contract, for recovery in and through HAWAII'IGAS' FAC, to the extent that such costs are not recovered through HAWAII'IGAS' base rates or other cost recovery mechanism.

## **VI. REQUEST FOR EXPEDITED APPROVAL**

HAWAII'IGAS respectfully requests a final decision and order on this Application from the Commission by October 8, 2013.<sup>46</sup> As more fully discussed above, the pending sale of the Refinery has raised concerns regarding the reliability of SNG Plant feedstock supply provided by the Refinery, especially during the initial transition period under new ownership immediately upon the close of the sale, which is expected to occur in the third quarter of 2013. To address this uncertainty, Applicant believes that it is necessary, reasonable, and in the public interest to

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<sup>46</sup> Supra n.1.

increase the level of backup capacity available through the Backup Enhancement Project, with the increased backup capacity being available around that same period (i.e., during the initial operations under new ownership). However, HAWAII'IGAS recognizes that the Commission may be unable to complete its review of this Application and/or issue its final decision and order by October 8, 2013; in such event, HAWAII'IGAS respectfully requests that the Commission issue an interim decision and order by October 8, 2013 granting HAWAII'IGAS' requests as set forth in this Application, followed by a final decision and order upon completion of the Commission's review.<sup>47</sup>

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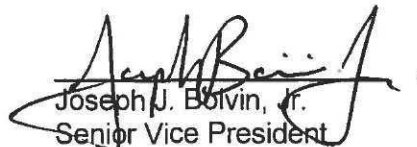
<sup>47</sup> Id.

## VII. CONCLUSION

WHEREFORE, Applicant hereby respectfully requests that the Commission issue, by no later than October 8, 2013, a decision and order:

1. Approving, pursuant to Section 2.3.f.2 of General Order No. 9, the commitment of expenditures to undertake, construct, and install HAWAI'IGAS' proposed Backup Enhancement Project ;
2. Approving the Fuel Supply Agreement;
3. Approving the Fuel Delivery Contract;
4. Approving the prices and payments to be paid by HAWAI'IGAS for fuel and fuel delivery under the Fuel Supply Agreement and the Fuel Delivery Contract, respectively, and finding that said prices and payments are reasonable under the circumstances;
5. Authorizing, pursuant to HAR § 6-60-6(2), the inclusion of the costs of the Fuel Supply Agreement and the Fuel Delivery Contract, including without limitation, the costs associated with the fuel, transportation, storage, and applicable taxes and assessments, for recovery in Applicant's Oahu Utility Gas District FAC to the extent that the costs are not recovered in Applicant's base rates; and
6. Granting such other relief as may be required and/or otherwise just and reasonable under the circumstances.

DATED: Honolulu, Hawai'i, August 12, 2013.

  
Joseph J. Bolvin, Jr.  
Senior Vice President  
The Gas Company, LLC  
dba HAWAI'IGAS  
P.O. Box 3000  
Honolulu, HI 96802-3000  
(808)535-5934

## List of Attachments

1. Fuel Supply Agreement
2. Fuel Delivery Contract
3. Backup Capacity Analysis
4. Pacific Business News Article (July 2, 2013): Tesoro Hawaii being sold to Par Petroleum Corp. for nearly \$400M
5. Pacific Business News Article (January 8, 2013): Tesoro converting Hawaii refinery to a terminal
6. Backup Enhancement Project Diagram
7. Fuel Supply Options
8. Estimated ISO Container Cycle Time
9. Capital Budget
10. Equipment Selection

# **ATTACHMENT 1**

## **Fuel Supply Agreement**

(PORTIONS OF ATTACHMENT 1 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

[REDACTED]

**LIQUEFIED NATURAL GAS PRODUCT AGREEMENT**

This Agreement is entered into on August 9, 2013 (the "Effective Date") by and between [REDACTED] located at [REDACTED] and The Gas Company LLC, d/b/a HawaiiGAS (hereinafter referred to as "Buyer"), located at 745 Fort Street, 18<sup>th</sup> Floor, Honolulu, HI 96813, and relates to the sale and purchase of Liquefied Natural Gas (hereinafter known as "LNG" or "Product"). [REDACTED] and Buyer are sometimes referred to in this Agreement individually as a "Party" or jointly as "Parties." [REDACTED] and Buyer hereby agree as follows:

1. Term. This Agreement, and the terms and conditions contained herein, shall be in effect until the one (1) year anniversary of the Effective Date of this Agreement ("Initial Term"). Thereafter, this Agreement may be extended for periods of twelve (12) months ("Extension Period") upon the written consent of each Party at least ninety (90) calendar days prior to the end of the Initial Term or any Extension Period. The Initial Term plus any Extension Periods are referred to hereinafter as the "Term". Notwithstanding the foregoing, either Party may terminate this Agreement, without incurring any liability, at any time, for its convenience and in its sole discretion, upon ninety (90) calendar days prior written notice to Buyer.

2. Purchase and Sale of Product. [REDACTED] shall sell Product to Buyer and Buyer shall buy Product from [REDACTED] on an as available basis.

3. Ordering of Product. Buyer shall notify [REDACTED] in writing (via facsimile or email) of a requested delivery of Product to be picked up by Buyer at the [REDACTED] at least three (3) days prior to the date for the requested delivery. [REDACTED] will notify Buyer in writing (via facsimile or email) how much, if any, of the requested Product [REDACTED] will provide to Buyer and the date and time on which such Product will be made available at the [REDACTED]. Except for orders accepted by [REDACTED] pursuant to this Section, [REDACTED] is under no obligation to accept Buyer's offer to purchase Product, or to make any Product or any particular quantities of Product available to Buyer.

4. Equipment. It is expressly understood by both parties that all transportation equipment, including tractor and cryogenic trailer, brought to the [REDACTED] for loading of Product, is the sole property and responsibility of Buyer. [REDACTED] is not responsible for providing any transportation services or equipment to Buyer pursuant to this Agreement.

5. Deliveries.

(a) [REDACTED]  
[REDACTED] less than a full delivery of Product unless requested by Buyer and agreed to by [REDACTED] in writing in advance. [REDACTED] shall load Product based on times scheduled and agreed to in advance with Buyer.

(b) The measurement of [REDACTED] delivered hereunder shall be based upon [REDACTED] truck scales [REDACTED] shall at all times keep its scales in compliance with [REDACTED] DOT requirements). Notwithstanding the above, Buyer may elect to have each LNG container weighed by a mutually agreed upon third party and Buyer shall pay for any fees, "Scale Fees", assessed by such third party. [REDACTED] shall be responsible for any such Scale Fees only if such third party scales are found to be five (5) percent or more different than [REDACTED] scales.

Buyer  
Effective May 2012



[REDACTED]

(c) [REDACTED] reserves the right, in its sole discretion, to reject any request for delivery or refuse to make delivery with respect to an accepted request in the event that [REDACTED] deems any Buyer trailer unsafe, mechanically unsound or inappropriate for LNG storage and transportation. Prior to delivery, Buyer shall provide [REDACTED] at [REDACTED] request trailer registration numbers, driver identification documents, proof of U.S. Department of Transportation approvals for LNG transportation and any other documentation deemed necessary or prudent by [REDACTED] in its sole discretion to comply with regulatory requirements and/or verify the recipient and destination of the Product. It shall be Buyer's sole obligation, at Buyer's sole expense, to obtain any and all required State, Federal or other regulatory approvals for LNG transportation.

(d) Buyer shall use its commercially reasonable efforts to bring each LNG trailer to the delivery point with the pressure not greater than 35 PSIG and the temperature inside its LNG storage tank(s) not greater than -230 degrees F. When Buyer desires to take delivery of LNG with an LNG trailer that is greater than 35 PSI or greater than minus 230 degrees Fahrenheit (-230°F) (a "Warm Trailer"), Buyer shall provide advance notice to [REDACTED] at the time Buyer requests the delivery. In all cases, [REDACTED] shall require Buyer to pay [REDACTED] the Conditioning Fee set forth in Section 8(d) below to take delivery with a Warm Trailer. [REDACTED] shall not be liable for any damage that may occur as a result of the delivery of LNG into a Warm Trailer.

6. Warranty and Product Specifications. Unless [REDACTED] receives written approval from Buyer to adhere to different specifications, Product delivered under this Agreement shall not be [REDACTED]

7. Claims. Any claim by Buyer relating to any Product delivered by [REDACTED] shall be made in writing within 45 (45) days after delivery thereof, and failure by Buyer to give such written notice shall constitute a complete release by Buyer of [REDACTED] against any and all such claims related to that delivery; provided, however, should the claim arises on account of a latent defect Buyer shall have an additional ten (10) days after discovery of such defect to provide written notice to [REDACTED]

8. Price.

(a) The price of Product sold by [REDACTED] to Buyer hereunder during the Term shall be as set forth on Exhibit I, which is incorporated herein by reference.

(b) Any applicable federal, state or local taxes, fees and assessments will be added to the Product price to determine the final cost of Product to Buyer.

(c) Taxes and Tax Credits. In accordance with the provisions of 26 USCA Section 4041 as amended by SAFETEA-LU, if Buyer is using the Product sold hereunder as transportation fuel, it shall be Buyer responsibility to register with the IRS as an alternate fueler and, as a result of such registration, Buyer will assume the responsibility for the payment of Federal Excise Tax and the submission of any Excise Tax related documents such that the Federal Excise Tax Credit as defined in 26 USCA Section 4041 as amended by SAFETEA-LU, and as further amended or extended, will accrue exclusively to Buyer.

(d) Conditioning Fee. Buyer shall pay Clean Energy a conditioning fee to take delivery with a Warm Trailer. Such fee shall be equal to [REDACTED] delivery into a Warm Trailer (the "Conditioning Fee").

Buyer  
Effective May 2012

[REDACTED]

9. **Payment.** Buyer shall pay each invoice submitted by [REDACTED] within fifteen (15) calendar days of the invoice date. For purposes of this Section, invoice date shall be defined as the date on the invoice, which is the date when the invoice is generated and mailed or emailed to Buyer by [REDACTED]. Any payments not made when due shall accrue interest on the unpaid amount at a rate of 18% per annum, calculated from the date payment is due to and including the date payment is received by [REDACTED].

(a) Any tax, fee or assessment imposed by any present or future law or by any government authority in connection with Product sold and delivered hereunder to be paid by [REDACTED] as a result of its performance under this Agreement shall be added to [REDACTED] billing to Buyer and shall be paid by Buyer unless Buyer provides [REDACTED] with an applicable tax exemption certificate.

(b) Buyer's billing address is:

HawaiiGAS  
PO Box 3000  
Honolulu, HI 96802  
Attn: Accounts Payable  
Fax: \_\_\_\_\_

**10. Allocations of Responsibility.**

(a) As between [REDACTED] and Buyer, Buyer shall be deemed to be in control and possession of any Product upon delivery at the delivery point, and will be fully responsible and liable for any and all Product loss, damages, claims, actions, expenses and liabilities, including reasonable attorney's fees, caused or resulting from Buyer's equipment, facilities, loading, or transportation of Product and Buyer's purchase, sale, distribution or handling of said Product while in its control and possession and/or after any subsequent resale.

(b) Neither Party shall not be liable to the other for special, incidental, punitive, indirect or consequential damages, under any circumstances, including without limitation, consequential damages caused or arising out of, in whole or in part, any negligent act or omission.

(c) Buyer's exclusive remedy for any unexcused failure on the part of [REDACTED] to deliver Product to Buyer as required hereunder, whether or not such failure was caused, in whole or in part, by any negligence, shall be to obtain from [REDACTED], at no additional charge, or for [REDACTED] to secure from a third party, at no additional charge, the quantity of Product equal to the quantity that [REDACTED] initially failed to deliver. [REDACTED] shall use its best efforts to obtain said Product as soon as reasonably possible.

(d) Buyer's exclusive remedy for any unexcused failure to act on the part of [REDACTED] whereby Product of a purity less than that stated herein is delivered (unless written approval for a deviance from the stated purity is obtained from Buyer prior to delivery), whether or not such failure or act was, in whole or in part, negligent, or could be the basis of a claim on the grounds of strict liability, shall be to receive a refund of the aggregate price of the non-conforming Product, or the replacement thereof with Product meeting the required level of purity at no additional charge to Buyer FOB [REDACTED]. Any Product that is not of the purity stated herein and is rejected by Buyer shall be returned by Buyer to the [REDACTED] at [REDACTED] cost and expense.

[REDACTED]

(e) Buyer acknowledges that it has (i) full knowledge of the hazards associated with the storage, distribution and use of Product and Buyer hereby assumes all responsibility for warning its personnel and any third party customers of such hazards; (ii) full knowledge that the LNG provided hereunder will be not be stench or odorized by [REDACTED] and that odorization is not required for delivery of LNG to Buyer under this Agreement; and (iii) has read and understands the provisions of this Agreement, including the provisions of this Section. Buyer shall be responsible for odorizing the LNG after delivery in order to comply with any odor standards contained in applicable regulations.

(f) Buyer shall ensure that, prior to taking delivery, all Buyer operators or agent(s) of Buyer operating trailer trucks on behalf of Buyer (or third parties retained by Buyer) shall wear appropriate personal protective equipment, including, but not limited to, flame retardant clothing fully covering the arms, legs and torso, sturdy leather work shoes (not athletic type), apron, hard hat, gloves, splash proof safety goggles and facial shield. Buyer shall ensure that, while inside the [REDACTED] including the delivery point area, the trailer truck operators shall at all times wear such personal protective equipment. [REDACTED] reserves the right to deny delivery to Buyer or any other person observed not using appropriate personal protective equipment but has no obligation to ensure that appropriate personal protective equipment is used.

(g) Buyer shall ensure that all truck and LNG trailer operators of Buyer have received instruction in safe and effective trailer loading procedures prior to taking delivery of LNG at the [REDACTED]. Buyer shall provide extensive training to the truck and trailer operators regarding the hazards of handling LNG and the precautions to take to safely load the Product. Buyer shall ensure that while inside the [REDACTED] including the delivery point area, Buyer trailer truck operators shall at all times act in compliance with such training and precautions. While [REDACTED] reserves the right to deny delivery to any person not using the truck loading facilities in the proper manner, [REDACTED].

(h) It is the responsibility of Buyer to comply with all relevant reporting obligations under the Emergency Planning and Community Right-to-Know Act of 1986 (SRA Title III) and any other statute and regulation concerning the storage, handling or use of Product or resulting from the presence of Product supplied under this Agreement. Further, it is the responsibility of Buyer to warn and protect its employees and others exposed to the hazards posed by Buyer storage and use of Product. By execution of this Agreement, Buyer acknowledges having on file at all locations where Product will be used a Material Safety Data Sheet which describes Product.

**11. Indemnification.** Except to the extent that liabilities arise from [REDACTED] or its employees, agents, contractors or subcontractors' gross negligence or willful misconduct, Buyer agrees to indemnify, defend and protect [REDACTED] and its officers, directors, agents and employees from and against and hold [REDACTED] and its officers, directors, agents and employees harmless and free from any and all liability, loss, cost, expense or obligation, including without limitation reasonable attorneys' fees, court costs and other expenses as incurred, including without limitation, those of appeal, on account of or arising out of injury to or death of any person or persons or damage to or loss of use of property, from whatever cause, occurring during the Term related in any way to the use of Product, failure by Buyer to odorize the Product or notify Buyer's customers of the lack of odorization, any gross negligence or willful misconduct by Buyer or its employees or agents or material breaches of this Agreement by Buyer.

[REDACTED]

Unless otherwise specifically agreed, title to the Product shall pass from [REDACTED] to Buyer at the delivery point(s). [REDACTED] shall have responsibility for and assume any liability with respect to the Product prior to its delivery to Buyer at the specified delivery point(s). Buyer shall have responsibility for and assume any liability with respect to said Product after its delivery to Buyer at the delivery point(s).

[REDACTED] warrants that it will have the right to convey and will transfer good and merchantable title to all Product sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims.

Except to the extent that liabilities arise from Buyer's or its employees, agents, contractors or subcontractors' gross negligence or willful misconduct, [REDACTED] agrees to indemnify, defend and protect Buyer and its officers, directors, agents and employees from and against and hold Buyer and its officers, directors, agents and employees harmless and free from any and all liability, loss, cost, expense or obligation, including without limitation reasonable attorneys' fees, court costs and other expenses as incurred, including without limitation, those of appeal, arising from or out of claims of title, personal injury (including death) or property damage from said Product or other charges thereon which attach before title passes to Buyer.

The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

**12. Force Majeure.** In the event that [REDACTED] is prevented from performing its duties and obligations pursuant to this Agreement by circumstances beyond its control, including, without limitation, fires, floods, labor disputes, equipment failure, the interruption of utility services at any [REDACTED] Product production facility that prevents [REDACTED] from producing Product, the cessation of providing goods or services to [REDACTED] by any supplier of goods and services to [REDACTED] war, acts of terrorism, or Acts of God (hereinafter referred to as "Force Majeure"), then [REDACTED] shall be excused from performance hereunder during the period of such disability ("Force Majeure Period"). If [REDACTED] claims Force Majeure, [REDACTED] shall notify Buyer within 24 hours after it learns of the existence of a Force Majeure condition, and will also provide Buyer with an estimate, if one can be reasonably made, of the anticipated Force Majeure Period. [REDACTED] will also notify Buyer within 24 hours after the Force Majeure condition has terminated. [REDACTED] shall agree to use commercially reasonable efforts to correct whatever event or circumstance caused the Force Majeure event.

**13. Dispute Resolution Procedures.** In the event a dispute arises between the parties related to this Agreement, the following process shall be followed:

(a) Each Party will designate a senior executive ("Designated Representative") to represent it in connection with any dispute that may arise between the parties (a "Party Dispute"). The designations shall be as described elsewhere herein. Subsequent changes in a Party's Designated Representative shall be in writing and communicated in accordance with the notice provisions contained elsewhere herein.



(b) In the event that a Party Dispute should arise, the Designated Representatives will meet, with their attorneys, if they so agree, within five (5) business days after written request by any Party to any other Party (the "Dispute Notice") in an effort to resolve the Party Dispute.

(c) If the Designated Representatives are unable to resolve the Party Dispute within twenty (20) business days following their first meeting, the Party Dispute will be submitted to non-binding mediation in Los Angeles, California before a mediator made available to the parties through JAMS.

(d) In the event that the mediation process fails to result in a resolution of the Party Dispute within forty-five (45) days following receipt of the Dispute Notice, the parties may take any action they may deem necessary to protect their interests.

14. Insurance. Buyer shall procure at its expense, and maintain in full force and effect during the term of this Agreement, including any renewals, with insurance carriers rated at least A-, or its equivalent, in Best's Insurance Report, the following primary insurance in at least the minimum amounts specified, with [REDACTED] named in the commercial general liability policy, automobile liability policy, and the excess/umbrella liability policy, if applicable, as an additional insured and including a transfer of rights or waiver of subrogation endorsement on the general liability, automobile liability and workers compensation policies of insurance. Any deductibles for insurance are the responsibility of Buyer. Such insurance provided by Buyer shall be primary and any insurance, deductible or self-insurance maintained by [REDACTED] shall not contribute with Buyer's primary insurance. The policies, excluding workers compensation, must be endorsed to require at least thirty (30) days' written notice to [REDACTED] of cancellation. Buyer shall provide [REDACTED] with evidence of contractual liability relating to the Product and the potential liabilities relating thereto. Buyer's insurance obligations under this paragraph 14 shall be limited solely to Buyer's obligations under this Agreement.

(a) Commercial General Liability Insurance, including blanket contractual liability applicable to personal injury and property damage, to a combined single limit per occurrence/aggregate of not less than [REDACTED]. Excess liability or umbrella liability coverage may be used to evidence or provide limits in addition to primary limits of no less than [REDACTED] on the commercial general liability policy.

(b) Commercial Automobile Liability Insurance, including owned, non-owned and hired automobiles covering bodily injury and property damage, to a combined single limit per occurrence/aggregate of [REDACTED]. Excess liability or umbrella liability coverage may be used to evidence or provide limits in addition to primary limits of no less than \$1 million on the commercial automobile liability policy. Buyer agrees to provide evidence of a specific endorsement required to properly protect it and [REDACTED] as a result of hauling/transporting hazardous materials (MCS-90, if applicable, insuring for-hire and private (in interstate, foreign or intrastate commerce as defined in 49 CFR 171.8, transported in cargo tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas or compressed gas; or highway route controlled quantity radioactive materials as defined in 49 CFR 173.403).

(c) Pollution Liability Insurance. Buyer shall cause its agents or subcontractors who pick up the Product to carry Pollution Liability Insurance to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs in legally required coverage amounts. Buyer shall also cause its agents or subcontractors who pick up the Product to carry non-owned disposal site coverage if handling, storing or generating

[REDACTED]

hazardous materials or any material/substance otherwise regulated under environmental laws/regulations.

(d) Workers Compensation and Employers Liability. Buyer shall also cause its agents or subcontractors who pick up the Product to carry Workers compensation insurance in compliance with applicable state and federal laws. The requirements for carrying the foregoing insurance shall not derogate from the provisions of indemnification as set forth in this Agreement.

Buyer shall send certificates of insurance evidencing such coverage within thirty (30) days after the date of this Agreement or at least two (2) days prior to the day that Product is to be purchased, sold or picked up by Buyer to:

[REDACTED]

1.5. Designated Representatives and Notices.

(a) Designated Representatives. Each Party hereby designates the following as its representative (and its "Designated Representative" for dispute resolution purposes) for the administration of this Agreement:

[REDACTED]

[REDACTED]

(b) Notices. Notices pertaining to this Agreement shall be in writing and shall be transmitted either by personal delivery, facsimile, or by a recognized national overnight delivery carrier and shall be deemed to be delivered upon receipt. The addresses set forth below shall be the addresses used for notice purposes unless written notice of a change of address is given:



[REDACTED]

Buyer:  
The Gas Company  
PO Box 3000  
Honolulu, HI 96802

[REDACTED]

16. **Assignment.** Neither Party shall have the right to assign its rights or obligations hereunder without obtaining the prior written consent of the other Party (which consent shall not be unreasonably withheld), and any attempted assignment without such prior written consent shall be void; provided that such consent shall not be necessary in the context of an acquisition of either Party by asset sale, merger, change in control or operation of law. Permitted assigns and successors in interest shall have the benefit of, and shall be bound by, all terms and conditions of this Agreement. Notwithstanding anything contained herein to the contrary, either Party may assign this Agreement to such Party's parent corporation, an entity under common control with the Party, or a wholly-owned subsidiary of the Party without the consent of the other.

17. **Headings.** The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of this Agreement.

18. **No Joint Venture.** [REDACTED] shall perform its duties herein as an independent contractor. Nothing contained herein shall be considered to create the relationship of employer and employee, partnership, joint venture or other association between the Parties.

19. **Waiver.** No waiver by either Party of any one or more defaults by the other Party in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character. No waiver or modification of this Agreement shall occur as the result of any course of performance or usage of trade.

20. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstances shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law, but only if, and to the extent, such enforcement would not materially and adversely alter the Parties' essential objectives as expressed herein.

21. **Governing Law, Forum and Venue.** This Agreement shall be subject to and construed in accordance with the laws of the [REDACTED] with the courts of that State having jurisdiction to resolve all disputes which may arise under or which relate to this Agreement. Any and all claims or actions arising out of or relating to this Agreement shall be filed in and heard by the state or federal courts with jurisdiction to hear such suits located in [REDACTED] and each Party hereby consents to the jurisdiction of such courts and irrevocably waives any objections thereto, including, without limitation, objections on the basis of improper venue or forum non conveniens.



22. Counterparts and Facsimile Execution. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any Party hereto delivering an executed counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of the counterpart executed and delivered by facsimile.

23. Attorney's Fees. If any action at law or equity is commenced concerning this Agreement or to enforce its terms, the prevailing Party in such matter shall be entitled to the payment of reasonable attorneys' fees and costs as determined by the Court, in addition to any other relief which may be awarded to that Party.

24. Additional Documents. The parties agree to execute and to deliver to each other any and all other additional documents and to take any additional steps reasonably necessary to complete, to document and to carry out the business transaction contemplated by this Agreement.

25. Negotiated Transaction. The drafting and negotiation of this Agreement has been participated in by all of the parties. For all purposes, this Agreement shall be deemed to have been drafted jointly by each of the parties.

26. Representation regarding Authority to Sign Agreement. Each of the representatives of the parties signing this Agreement warrants and represents to the other that he, she or it has the actual authority to sign this Agreement on behalf of the Party for whom he, she or it is purporting to represent.

27. Entire Agreement. This Agreement and its exhibits contain the entire agreement between the parties and it supersedes any prior written or oral agreements between the parties concerning the subject matter of this Agreement. There are no representations, agreements, or understandings between the parties relating to the subject matter of this Agreement which are not fully expressed within this Agreement and its exhibits.

28. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, affiliates and personal representatives of the parties.

29. Modification. This Agreement shall not be modified, amended, or changed except in a writing signed by each of the parties affected by such modification, amendment or change.

30. Further Assurances. All of the parties to this Agreement agree to perform any and all further acts as are reasonably necessary to carry out the provisions of this Agreement.

31. Commission Approval. This Agreement is a binding contract between the parties as of the Effective Date, but Product deliveries hereunder, and the duty to pay for Product deliveries hereunder, shall not commence ("Commencement Date") until the first day following the date of an interim or final decision and order by the Hawaii Public Utilities Commission authorizing Buyer to recover the Product costs incurred under this Agreement through Buyer's fuel adjustment clause ("Commission Approval Order"). If Buyer has not received a Commission Approval Order acceptable to Buyer in form and substance by October 15, 2013, then Buyer may terminate this Agreement in its entirety effective five (5) days after written notice by Buyer to [REDACTED] but only if such written notice of termination is received by [REDACTED] prior to October 31, 2013.





IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates set forth beneath the signature lines herein below, but effective as of the Effective Date.

By:  \_\_\_\_\_

Date: 8/9/13 \_\_\_\_\_

**The Gas Company LLC**

By:  \_\_\_\_\_

Name: Thomas Young, EVP Strategic Initiatives and Supply

Date: August 9, 2013 \_\_\_\_\_



Exhibit I

**Pricing**

The pricing for this Agreement will be based on an index plus margin formula. The index shall be the local natural gas index price where the Product is purchased, calculated as described below, and the margin will include [REDACTED] costs to have the Product liquefied and delivered to Buyer's cryogenic trailers at the [REDACTED]. The final price for Product will include the index, plus the margin, plus the costs and fees described below, plus any applicable taxes, fees and assessments related to the sale of Product to Buyer. The index and margin components for the pricing formula shall be:

LNG Production Plant	Index + Margin Pricing per LNG Gallon
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Notes:

1. [REDACTED]

4. Beginning January 1, 2014, and on each January 1st thereafter during the Term of this Agreement, the margin component of the pricing formula shall be increased by the change in the United States Bureau of Labor Producer Price Index, Finished Energy Goods, using November published data, which is available the third (3<sup>rd</sup>) week in December, per the United States Department of Labor, Bureau of Labor Statistics.

5. For each requested load of Product that [REDACTED] agrees to supply, unless otherwise agreed to in writing by the parties, Buyer agrees to take delivery of a minimum load of [REDACTED]

## **ATTACHMENT 2**

### **Fuel Delivery Contract**

(PORTIONS OF ATTACHMENT 2 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

[REDACTED]

AND

THE GAS COMPANY, DBA HAWAII GAS

AGREEMENT FOR THIRD PARTY LOGISTICS SERVICES

THIS AGREEMENT (hereinafter referred to as the "Contract") is made and entered into this eighth day of August, 2013, by and between the following named parties (hereinafter referred to collectively as the "Parties" and each a "Party"): [REDACTED]

[REDACTED]

either of which being the party of the first part collectively referred to as [REDACTED] and individually as "Logistics" or "Global Logistics", and

The Gas Company LLC, a Hawaii limited liability company, d/b/a Hawaii GAS with its principal place of business at P.O. Box 3000, Honolulu, Hawaii 96802 USA, the party of the second part, referred to herein as "TGC"

W I T N E S S E T H

WHEREAS, [REDACTED] performs Third Party Transportation "3PL" services in one or more of the following forms:

- (i) Arranging motor carrier services to perform trucking and drayage operations;
- (ii) Arranging for rail transportation services;
- (iii) Arranging for Ocean Transportation services;
- (iv) Procure and provide containers and chassis services;
- (v) Providing logistics services for truck, rail, ocean and intermodal shipments; and/or
- (vi) Providing Operational, Informational and Accounting services.

WHEREAS, [REDACTED] arranges single source, comprehensive 3PL services to arrange door to door, ramp to ramp or port to port or any logistics service combination thereof, and

WHEREAS, [REDACTED] provides 3PL services in the US domestic trade and [REDACTED] provides 3PL services in ocean trade between any two sovereign nations which may or may not include the United States of America, and

WHEREAS, Logistics also provides 3PL services to [REDACTED] so as to provide TGC with a single point of contact on all worldwide 3PL services, and

WHEREAS, TGC desires to use the services of [REDACTED] to transport property and [REDACTED] desires to provide transportation services to TGC;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained herein, [REDACTED] and TGC agree as follows:

**1. CONTRACT TERM AND TERMINATION**

This Contract shall be effective as of the date written above and shall continue for an initial period of one (1) year unless a longer term is set forth in any attachments (the "Attachments") hereto and made a part hereof, in which case this Contract shall continue in effect for such longer term. This Contract shall thereafter continue in effect from year to year on the same terms and conditions, except that after the initial term, this Contract may be terminated at any time by either Party giving 90 days written notice to the other Party.

**2. SERVICES TO BE PROVIDED BY [REDACTED]**

[REDACTED] hereby agrees to provide to TGC during the term of this Contract the 3PL services, described above, as requested from time to time by TGC. [REDACTED] shall provide such 3PL services in accordance with the specifications set forth in the Attachments between the Parties. Each Attachment, together with the terms of this Contract, shall constitute a separate agreement. As time is of the essence with respect to each shipment, [REDACTED] shall provide all services necessary to effect the timely and safe shipment from origin to destination.

**3. SHIPMENTS TO BE TENDERED BY TGC**

TGC hereby agrees to tender shipments to [REDACTED] from time to time in its sole discretion for transportation by ocean, rail and truck, for commerce occurring within or between any country or countries of the world, and [REDACTED] hereby agrees to transport such shipments in accordance with the terms and conditions stated in this Contract and any corresponding Attachments.

**4. INDIVIDUAL SHIPMENT COMPENSATION AND TERMS**

Compensation shall be paid to [REDACTED] solely and exclusively by TGC or its designee, on all shipments tendered to [REDACTED] under this Contract. [REDACTED] shall be compensated by TGC based on the following:

a. [REDACTED] and TGC may agree to rates and charges and other terms and conditions that shall be set forth in the Attachments, which rates and charges and other terms and conditions set forth in the Attachments, shall apply to shipments moving under this Contract. In the event any of the terms and conditions set forth in the Attachments conflict with any term or condition under this Contract, then the Parties agree that the Attachments shall control.

b. [REDACTED] agrees that any tariffs, circulars, pricing authorities, and/or similar documents that it publishes shall not apply to the transportation services provided by [REDACTED] under this Contract, unless any such tariff, circular, pricing authority or similar document is expressly incorporated into this Contract or into the Attachments.

**5. PAYMENT OF RATES AND CHARGES**

a. TGC or its designee shall pay [REDACTED] the rates and charges applicable to the shipment upon terms of net 30 days from date of invoice unless otherwise specified in the Attachments.

b. [REDACTED] will invoice TGC as loads are shipped, unless otherwise agreed in the Attachments.

c. TGC may withhold compensation owed to [REDACTED] to satisfy claims or shortages arising out of this Contract if the underlying claim or debt has been presented in writing to [REDACTED] and the claim or debt has neither been paid nor denied for a valid reason within forty-five (45) days of presentation.

d. Any claim for overpayment or underpayment for transportation services provided pursuant to this Contract shall be presented by the Party asserting the claim to the other Party within sixty (60) days of discovery of the claim, but in no event will any such claim(s) be asserted more than one hundred eighty (180) days after the date of the invoice for shipments giving rise to any such claim. Claims shall be supported by appropriate documentation showing the amount of the overcharge or the undercharge, as the case may be. The Party receiving the claim shall pay, deny, or make a firm compromise offer within forty-five (45) days of receiving a claim.

6. [REDACTED] OPERATING AUTHORITY AND SAFETY RATING

a. All transportation services performed by [REDACTED] under this Contract shall be performed as a 3PL service provider. To the extent that [REDACTED] performs services pursuant to this Contract, it shall procure and maintain at its cost and expense any and all operating authorities or permits required to be held by [REDACTED] under any applicable laws. [REDACTED] shall notify TGC immediately in the event of any suspension, cancellation, termination, or withdrawal of its operating authorities, in which event TGC shall have the right to terminate this Contract immediately upon written notice to [REDACTED].

b. [REDACTED] further represents and warrants that it shall at all times use U.S. truck carriers that maintain U.S. DOT safety rating that is "satisfactory", "conditional" or "unrated". [REDACTED] warrants that it will promptly notify TGC if a truck carrier is assessed an "unsatisfactory" safety rating, and [REDACTED] shall as soon as commercially practicable replace the services of such truck carrier with a truck carrier having a rating that meets the requirement of this Section 6(b).

7. DRIVERS AND EQUIPMENT

a. [REDACTED] shall ensure that its drivers and any other parties performing services are properly trained and licensed, and are competent and capable of safely handling and transporting TGC's shipments. If TGC or its contractors or agents shall require drivers to wear personal protective equipment while on their premises, [REDACTED] shall ensure that its drivers wear such equipment as is appropriate, including, but not limited to, flame retardant clothing fully covering the arms, legs and torso, sturdy leather work shoes (not athletic type), apron, hard hat, gloves, splash proof safety goggles and facial shield. If TGC or its contractors or agents shall require drivers to participate in the loading or unloading of the containers, TGC or its contractors or agents shall provide drivers with sufficient training for safe and effective loading or unloading of the containers.

b. [REDACTED] shall, with the exception of transportation equipment provided by TGC, provide and maintain all equipment required for the 3PL services requested by TGC and shall only use and provide equipment that is in good operating condition and repair, in compliance with any and all federal, state, national and/or international regulations, and is suitable and properly configured to safely load, transport, and unload the shipments tendered by TGC.

c. As to transportation equipment provided by TGC, TGC shall be solely responsible for such equipment which shall be maintained by TGC in good operating condition and repair, in compliance with any and all federal, state, national and/or international regulations, and shall be suitable and properly configured to safely load, transport, and unload the shipments tendered by TGC.

d. Nothing in this 3PL service agreement shall create a lease, rental, sale or purchase

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] is an independent contractor and shall exercise exclusive control, supervision, and direction over (i) the manner in which transportation services are provided; (ii) the persons engaged in providing transportation services; and, (iii) the equipment selected and used to provide transportation services, unless such equipment is provided by TGC. [REDACTED] shall have full responsibility for the payment of local, state, and federal payroll taxes, workers compensation and other social security and related payment requirements with respect to all persons engaged in the performance of transportation services. This Contract does not create, nor shall it be deemed to create a partnership, joint venture, or agency relationship between TGC and [REDACTED].

12. [REDACTED] CARGO LIABILITY AND CLAIMS

a. [REDACTED] shall be liable to TGC for all costs, expenses, loss and damage arising from [REDACTED] failure to perform the services required by this Contract or an Attachment; provided, however, that [REDACTED] shall not be liable for loss, damage, or delay to shipments caused by the negligence of TGC, their contractors or agents. If the discharge seals are broken or removed prior to delivery at destination without prior consent from TGC, the load shall be weighed prior to unloading and again after unloading and such weight shall be compared to the weight registered at the



origin to determine if there is a product shortage and if so determined, [REDACTED] shall be liable for such loss.

b. [REDACTED] shall be liable for the full, actual value of the shipments tendered by TGC to [REDACTED] which shall be the origin invoice price of the goods comprising the shipment, provided the transportation charges have not been paid or the delivered invoice price if the transportation charges have been paid.

c. TGC shall file a claim (i) for loss or damage within three (3) months from the date of delivery and (ii) for non-delivery within three (3) months of the date that delivery reasonably should have been made. Within thirty (30) days of receiving a claim from TGC for loss, damage, or delay, [REDACTED] shall pay or deny the claim (in which case the reasons for denial shall be fully explained), or make a firm compromise offer.

d. In the event goods are damaged, TGC will determine whether the goods may be salvaged, and if salvageable, the value of such salvage. [REDACTED] has the right to obtain a referee analysis and if there is lack of agreement of salvage value, the Parties agree to arbitrate any differences as outlined in Section 28 below. Either Party may seek competitive offers for the purchase of the damaged goods. Any sale of damaged goods must be approved by TGC and such approval will not be unreasonably withheld. Any amounts received by TGC for salvage shall be deducted from the amount of TGC's claim against [REDACTED]

### 13. DEFAULT

The failure of either Party to promptly and completely perform any obligation under this Contract shall constitute default. If TGC or [REDACTED] considers the other Party (the "Defaulting Party") to be in default under this Contract, such Party (the "Non-Defaulting Party") shall give the Defaulting Party prompt written notice thereof, describing the particulars of such default. The Defaulting Party shall thereafter have ten (10) days from the receipt of said notice in which to remedy such default. If the default is not cured, the Non-Defaulting Party may, without prejudice to any other right or remedy of such Party in respect of such default, immediately terminate this Contract by written notice to the Defaulting Party. Any termination shall be without prejudice to accrued rights, including without limitation the right of either Party to damages arising from such breach or prior breaches hereof. All rights and remedies hereunder are independent of each other and election of one remedy shall not exclude another.

### 14. INSURANCE

[REDACTED]

Such policy or policies shall name TGC as an additional insured and shall provide for thirty (30) days prior written notice of any cancellation or material change. [REDACTED] shall provide TGC with copies of certificates of insurances and necessary policy endorsements evidencing this coverage upon request by TGC. [REDACTED] further agrees to procure and maintain any and all insurance required by federal, state, local, or to the extent applicable, international laws.

### 15. MUTUAL INDEMNIFICATION

██████████ and TGC shall mutually indemnify, defend, and hold, its respective corporate parents and affiliates, and their respective customers, consignors, and consignees, and their respective owners, officers, directors, employees, consultants and agents (herein referred to as Indemnities) harmless from and against any and all losses, harm, injuries, damages, claims, costs, expenses, and liabilities arising from, or in connection with services provided under this 3PL Contract, unless directly resulting from the negligence, willful act or omission of the other party, its customers, consignors, or consignees.

**16. BILLS OF LADING AND DELIVERY RECEIPTS**

TGC or its agents or contractors will issue and sign a bill of lading or other receipt "Receipt" upon tendering of a shipment for transportation. TGC warrants that it shall ensure that the bill of lading properly names ██████████. ██████████ the Receipt shall have no effect against TGC or ██████████ unless specifically agreed to by TGC and ██████████ in this Contract, the Attachments, or in a separate writing apart from the Receipt, signed by authorized TGC and ██████████ signatories. Upon delivery, ██████████ shall obtain the signature of the consignee or his agent as prima facie evidence of receipt of the shipment. ██████████ shall submit, as necessary, a scanned copy of the delivery Receipt to TGC evidencing proof of delivery of the shipment.

**17. FACTORING**

██████████ shall provide TGC written notice of any assignment, factoring, or other transfer of its right to receive payments arising under this Contract thirty (30) days prior to such assignment, factoring, or other transfer taking legal effect. Such written notice shall include the name and address of assignee/transferee, date, date assignment is to begin, and terms of the assignment, and shall be considered delivered upon receipt of such written notice by TGC. ██████████ shall be allowed to have only one assignment, factoring or transfer legally effective at any one point in time, and no multiple assignments, factoring or transfers by the ██████████ shall be permitted. ██████████ shall indemnify TGC Indemnities against and hold TGC Indemnities harmless from any and all lawsuits, claims, actions, and damages (including reasonable attorneys fees, obligations, liabilities and liens) arising or imposed in connection with the assignment or transfer of any account arising hereunder. ██████████ also releases and waives any right, claim or action against TGC Indemnities for amounts due and owing under this Contract where payment has been assigned to factoring or other transfer agent and TGC has made such payment.

**18. SUBCONTRACTORS**

TGC acknowledges that ██████████ acts as a 3PL provider and that it may employ, sub-contract, broker, tender, procure equipment or hire other transportation providers to fulfill much or all of the work performed under this Contract, provided any such transportation provider shall be reasonably acceptable to TGC and qualified to perform the required transportation services. All transportation providers appointed by ██████████ shall be subject to the terms and conditions set forth in this Contract and the Attachments. Any subcontracting by ██████████ of transportation services to be provided hereunder to TGC shall not relieve ██████████ obligations under this Contract with respect to such services (in other words, ██████████ shall in all respects be responsible hereunder for transportation services performed by subcontractors and TGC may enforce its rights hereunder against ██████████ for any acts or omissions of the subcontractor).

**19. COMMUNICATIONS AND CONFIDENTIALITY**

a. [REDACTED] and TGC shall endeavor to communicate by the most effective and efficient means to exchange information, including instructions, rates, equipment, shipment location, and other information helpful or necessary to achieve the intentions of the Parties herein.

b. TGC and [REDACTED] each agree to keep confidential any information they may receive during the term of this Contract concerning their respective products, services, purchases, pricing or other similar information and all material or information relating to a Party's business operations and affairs (including trade secrets) that such Party treats as confidential (collectively "Confidential Information"). Confidential Information shall not include any information which (i) is or becomes generally available to the public by publication or otherwise through no fault of the Party who is the recipient of the information, (ii) was in a Party's possession prior to the date of disclosure to that Party and not previously supplied by, or obtained from, the other Party; or (iii) is supplied to a Party by a third party who is not subject to any contractual or fiduciary obligation to treat such information as confidential. The Parties shall keep the Confidential Information strictly confidential and shall not use or divulge the Confidential Information except consistently with the purposes of this Contract, unless such disclosure is required by law or is necessary to obtain regulatory approval or reporting, and except to its officers, directors, employees, contractors, affiliates and designees who need to know such Confidential Information for purposes of this Contract. These obligations of confidentiality shall survive the termination or expiration of this Contract for a period of three (3) years.

**20. ASSIGNMENT**

Neither Party shall assign this Contract nor any rights hereunder without the prior written consent of the other Party, except that either Party may assign this Contract to any of its parent, subsidiary or affiliate companies, or to any surviving company in a merger or acquisition of substantially all of its assets and [REDACTED] shall have the right to subcontract transportation services as set forth herein. Any assignment made pursuant to this paragraph shall be binding upon all assigns, heirs, and successors of the assigning Party. Any assignment shall not relieve such Party's obligations under this Contract unless the other Party has given written consent to relieve such Party.

**21. NOTICES**

Except for regular business communications, which may be transmitted through procedures established by agreement or acquiescence, all notices made hereunder shall be provided in writing and delivered by email, fax, certified mail, or overnight courier. Notices by email shall be deemed received as of the date and time of a return receipt notification. Notices transmitted by fax shall be deemed received as of the date and time of confirmation printed by sender's machine. Notices transmitted by certified mail or overnight courier shall be deemed received as of the date and time signed for by recipient. Notices shall be addressed to the respective Parties as set forth below.

All notices shall be given to the following addresses:

TGC:	745 Fort Street Mall
	Suite 1800
	Honolulu, Hawaii
	Attn: EVP, Supply & Strategic Initiatives
	Fax: 808-535-5943
	Email: tkyoung@hawaiiigas.com

[REDACTED]:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**22. FORCE MAJEURE**

Neither TGC nor [REDACTED] shall be liable for any delay in the performance of their respective obligations under this Contract resulting from or contributed to by any event that is not reasonably foreseeable and is beyond the control of the claiming Party, including, but not limited to, acts of God, acts of government or other civil or military authorities, acts of terror, fires, floods, war, riots or labor unrest ("Force Majeure"). In the event of a Force Majeure that causes a delay in performance under this Contract, the affected Party shall promptly notify the other Party in writing, stating the reasons for the inability to comply with the provisions of this Contract and providing estimation as to how long the delay will continue. Under such circumstances, performance under this Contract that relates to the delay shall be suspended for the duration of the delay, provided that the Party so affected resumes the performance of its obligations with due diligence as soon as practicable after the effects of such event have been alleviated. In case of any such suspension, the Parties shall use their best efforts to overcome the cause and effect of such suspension, but in no event shall either Party be required to settle any litigation, strike, lockout or other labor difficulty contrary to its best interests in its sole discretion.

**23. NON-EXCLUSIVITY**

The Parties agree and acknowledge that this Contract is not exclusive, unless otherwise specifically stated in the Attachments. TGC reserves the right to establish other similar transportation arrangements with any third party transportation provider and [REDACTED] reserves the right to provide other similar transportation arrangements for any other party.

**24. NO LIEN**

[REDACTED] shall have no lien, and hereby expressly waives its right to any lien on any cargo, freight, or property of TGC or any of its customers, consignors or consignees.

**25. ENTIRE AGREEMENT/MODIFICATIONS**

This Contract constitutes the entire agreement and understanding between the Parties and supersedes any and all prior agreements and understanding, either oral or written. TGC and [REDACTED] may, from time to time, modify or amend the terms or conditions of this Contract by mutual written agreement executed by the authorized representatives of both Parties.

**26. EXECUTION**

This Contract may be executed in one or more counterparts and each such counterpart shall, for all purposes, be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. This Contract may also be executed by exchange of executed copies via facsimile or other electronic means. A Party's signature transmitted by facsimile or similar electronic means shall be considered as an "original" signature for purposes of this Contract.

**27. CHOICE OF LAW**

The Parties agree that this Contract shall be construed under the laws of the State of Tennessee, without regard to principles of conflicts of laws.

**28. DISPUTE RESOLUTION/ARBITRATION**

Should any controversy, claim, dispute or difference arise between the Parties hereunder, out of or relating to this Contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, then each and every such controversy, claim, dispute or difference ("Dispute(s)") shall be submitted to and settled by the procedures set forth in this Section 28 as follows:

(a) Good Faith Negotiations. Before submitting any Dispute(s) under this Contract to arbitration as set forth in Section 28(b), the Parties shall attempt in good faith to resolve any dispute promptly by negotiation between representatives who have authority to settle the controversy. Any Party may give the other Party written notice that a dispute exists (a "Notice of Dispute") setting forth a statement of such Party's position. Within twenty (20) business days of the delivery of the Notice of Dispute, representatives of the Parties shall discuss such dispute at a mutually acceptable time and place, and thereafter as long as they both reasonably deem necessary, to exchange relevant information and attempt to resolve the dispute. If the matter has not been resolved within thirty (30) days of the disputing Party's delivering its Notice of Dispute, the dispute shall be referred to the respective presidents, general managers or comparable senior executives of TGC and [REDACTED] who shall within twenty (20) additional days attempt in good faith to resolve the dispute.

(b) Arbitration. If any Dispute(s) still remains unresolved, the Parties agree to submit any such Dispute(s) to binding arbitration to be held in Nashville, Tennessee, pursuant to the administration by, and in accordance with the Commercial Arbitration Rules of the American Arbitration Association, or any other rules mutually agreed upon in writing by the Parties ("Arbitration Rules"). The award of the arbitrator is binding upon the Parties and judgment upon the award rendered may be entered in any court of competent jurisdiction. The Parties hereby agree that the arbitrator shall be appointed according to the following procedure, notwithstanding any contrary or inconsistent provision of the Arbitration Rules. Within 20 calendar days of the initiation of arbitration and the receipt of a request for arbitration, the Parties shall attempt to agree on a single arbitrator. Should the Parties fail to agree on a single arbitrator within that 20-calendar day period, such arbitrator shall be selected pursuant to the Arbitration Rules. Notwithstanding anything herein or in the Arbitration Rules to the contrary, the authority of the arbitrator in rendering the award is limited to the interpretation and/or application of the terms of this Contract and to ordering any remedy allowed by this Contract. The arbitrator shall have no power to change any term or condition of this Contract, deprive any Party of a remedy expressly provided hereunder, or provide any right or remedy that has been excluded hereunder. Notwithstanding anything herein or in the Arbitration Rules to the contrary, any Party who contends that the award was in excess of the authority of the arbitrator as set forth herein may seek judicial relief in any court of competent jurisdiction, provided that such judicial proceeding is initiated within 30 calendar days of the award and not otherwise.



29. SEVERABILITY

If any provision of this Contract is held to be invalid under the laws of the federal government, any state, or any other jurisdiction having authority, such provision will be deemed to have no effect but all other provisions of this Contract shall remain in full force and effect.

30. WAIVER

The Parties have entered into this Contract pursuant to 49 U.S.C. § 14101(b) for the purpose of providing and receiving transportation services under the rates and conditions set forth in this Contract. The Parties expressly waive any and all rights and remedies permitted to be waived under the Interstate Commerce Commission Termination Act, to the extent that such rights and remedies are inconsistent with any of the provisions of this Contract.

31. COMMISSION APPROVAL

This Agreement is a binding contract between the parties as of the Effective Date, but 3PL services hereunder, and the duty to pay for such 3PL services hereunder, shall not commence ("Commencement Date") until the first day following the date of an interim or final decision and order by the Hawaii Public Utilities Commission authorizing TGC to recover the 3PL services incurred under this Agreement through TGC's fuel adjustment clause ("Commission Approval Order"). If TGC has not received a Commission Approval Order acceptable to TGC in form and substance by October 15, 2013, then TGC may terminate this Agreement in its entirety effective five (5) days after written notice by TGC to Agmark Logistics, but only if such written notice of termination is received by [REDACTED] prior to [REDACTED]

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed as of the date and year first written above.

THE GAS COMPANY [REDACTED]

By:

Thomas KAM Young  
(Must be signed by an officer)

By:

[REDACTED]

Name:

Thomas KAM Young  
(Please print)

Name:

[REDACTED]

TITLE:

Executive Vice President  
Strategic Initiatives, Supply

TITLE:

President

DATE:

8/9/13

DATE:

Aug 8, 2013

[REDACTED]

By: Richard A. Vazquez

[REDACTED]

[REDACTED]

[REDACTED] 8, 2013



**ATTACHMENT A**

**THE GAS COMPANY, DBA HAWAII GAS**

**RATES, CHARGES AND OTHER TERMS  
PURSUANT TO AGREEMENT FOR THIRD PARTY LOGISTICS SERVICES  
DATED AUGUST 8, 2013, (THE "MASTER AGREEMENT")  
BY AND BETWEEN:**

[REDACTED], with its principal place of business at [REDACTED] and [REDACTED]

The Gas Company, LLC, a Hawaii limited liability company, d/b/a HawaiiGAS, whose mailing address is P.O. Box 3000, Honolulu, Hawaii 96802 ("TGC")

**Recitals**

Whereas: TGC desires [REDACTED] [REDACTED] to transport Liquefied Natural Gas ("LNG") ordered pursuant to purchase agreements with suppliers of LNG, and

Whereas: [REDACTED] [REDACTED] desires to transport said volumes of LNG under the terms and conditions in the Master Agreement and the additional terms and conditions set forth hereinafter,

Now, therefore, the Parties hereto agree to the following:

SERVICE: [REDACTED] [REDACTED] will provide door to door, round trip carriage of LNG from the Origin Point below, to the destination points below, at the rates shown below. This service includes all chassis, trucking, ocean carriage and logistics management but not the cryogenic tanks. Such tanks to be supplied by TGC according to the terms below.

[REDACTED] [REDACTED] [REDACTED]

ORIGIN: \_\_\_\_\_ Port: \_\_\_\_\_ DESTINATION: \_\_\_\_\_ BASE RATES: \_\_\_\_\_

[REDACTED]

**APPLICABLE PROVISIONS:**

1. Base rates are subject to fuel surcharge per attached Table 1.
2. Rates are per load and round trip.

3. TGC shall use best efforts to notify [REDACTED] of their need to change Origin points prior to the empty return of the cryogenic ISO container to the mainland, to enable efficient container relocation to the closest port; rates are not inclusive of mainland transport from [REDACTED]
4. [REDACTED] agrees to hold base rates constant for the term of this attachment.
5. Cryogenic ISO tank containers (tanks) shall be supplied by TGC to [REDACTED] in good working order, accompanied by an interchange agreement documenting the condition of the tanks, with photos if necessary.
6. Tanks supplied by TGC to [REDACTED] shall be used exclusively to serve TGC or their subsidiaries or affiliates or designates.
7. [REDACTED] shall be responsible for any damage that occurs to the tanks caused by [REDACTED] negligence.
8. [REDACTED] shall use best efforts to seek compensation to TGC for damage that may occur to the tanks that is caused by the negligence of others.
9. Regular repairs, maintenance, and inspections of the tank as needed for safe and effective operation or as required by regulation are the responsibility of TGC.
10. The Origin facility is responsible for loading the cryogenic tank and is solely responsible accepting or rejecting the tank for loading.
11. An additional \$110 shall be added to the base rate for trucking required for withdrawal of the tank containers from storage at [REDACTED]. Withdrawal from storage is one hour free time, [REDACTED] thereafter.
12. Two hours free time allowed at loading, [REDACTED] thereafter.
13. A \$25 scale fee shall apply for weighing loads prior to and following loading.
14. Rates include chassis in Hawaii up to [REDACTED] thereafter.
15. Rates include chassis on the Mainland up to [REDACTED] thereafter.
16. Rates do not include storage of cryogenic tanks or lift on/lift off services from chassis to storage.
17. Loaded containers are to be promptly removed from port facilities.
18. The Receiving facility is responsible for unloading the cryogenic tank.
19. Loading to be live load; delivery to be drop and pick.

All other terms and conditions of the Master Agreement are hereby ratified.

TGC

Date: 8/9/13

Signed: *Thomas KEM Young*

Name: Thomas KEM Young

Title: Executive Vice President  
Strategic Initiatives & Supply

Date: AUG 8, 2013

Signed: *Richard J. Ryan*

Name: [REDACTED]

Title: President

[illegible]

[illegible]



## **ATTACHMENT 3**

### **Backup Capacity Analysis**

(PORTIONS OF ATTACHMENT 3 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

**Attachment 3**  
**Backup Capacity Analysis**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HAWAII'IGAS' existing backup system for the SNG distribution system consists of the SNG stored in the transmission pipeline and supplemented with the propane air back up system ("PABS") located at Pier 38. [REDACTED]

[REDACTED] could by itself theoretically provide sufficient gas to fully support the SNG system for more than a day based on the available supply of propane,<sup>49</sup> the PABS backup capacity is limited by the current operating standards and safety codes which require that the specific gravity of gas used to provide service to SNG customers through the SNG pipeline be lighter than air. The PABS is capable of blending propane air with SNG at a one to one ratio (propane air scf to SNG scf) to maintain a specific gravity that is less than air.<sup>50</sup> Based on the approximate one to one ratio of propane air to SNG required to maintain a lighter than air gas, this requirement limits the amount of propane-air gas to the amount of SNG that is in the pipeline when the SNG Plant is shut down.

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48 [REDACTED]

49 [REDACTED]

50 [REDACTED]



### Attachment 3 Backup Capacity Analysis

The SNG system's backup capacity can be further extended by increasing the amount of lighter-than-air gas, such as natural gas,<sup>51</sup> that is available to be blended with heavier propane-air to produce a lighter-than-air gas that can be injected into the SNG pipeline to ensure continued gas service to HAWAII'IGAS' SNG customers.

HAWAII'IGAS modeled the system performance over a typical Friday to Saturday to determine the amount of backup time the PABS and Backup Enhancement Project together would provide.<sup>52</sup> The calculation of the amount of backup time is primarily dependent on the amount of SNG held in storage in the transmission pipeline, as measured by the pipeline pressure, and secondly on the SNG demand levels, both of which vary throughout the day. As shown in Figure 1 below, based on the assumption of a shutdown occurring at either 6:00 a.m., Noon, 6:00 p.m. or 9:00 p.m., the introduction of natural gas increases the current PABS backup by [REDACTED].

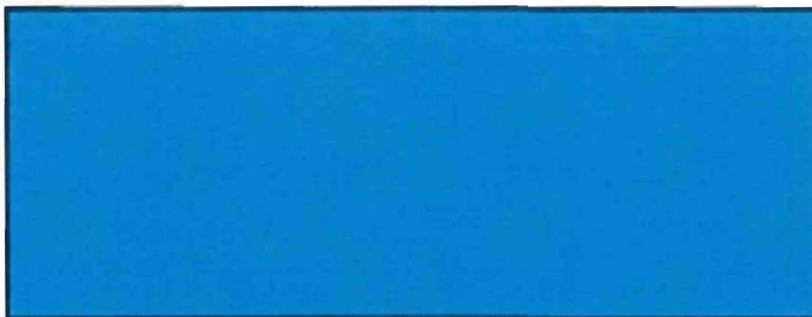


Figure 1 SNG Backup supply times<sup>53</sup>

<sup>51</sup> [REDACTED]

<sup>52</sup> [REDACTED]

<sup>53</sup> C3 is the abbreviation for propane, which has the chemical formula of C<sub>3</sub>H<sub>8</sub>.

**Attachment 3**  
**Backup Capacity Analysis**

In the event there is a supply disruption at the Tesoro Refinery which affects the quality and quantity of feedstock delivered to the SNG Plant, HAWAI'IGAS may be forced to shutdown of the SNG Plant in order to protect equipment and personnel. The total time required to respond to a supply disruption, including the time needed to safely shut down and start up the SNG Plant (which takes away from the available time to perform the maintenance or repair work) must safely fit within the backup time available. The current window of opportunity to respond to a supply disruption at the Tesoro Refinery is especially limited when dealing with superheated equipment, e.g. some of the reaction vessels utilize superheated steam at about 1,350°F, which requires special handling. The heated equipment takes between two to three hours to cool down before work can safely commence on the units. As a general rule for each hour that the unit takes to cool down requires two to three hours to slowly reheat the unit to prevent heat stress. The additional backup capacity of up to [REDACTED] additional hours that the Backup Enhancement Project can provide is especially valuable when compared to the current narrow window of [REDACTED] hours available to work on the SNG Plant after deducting the [REDACTED] hours needed to cool down and reheat the equipment from the current [REDACTED] hours of standby time.

For routine maintenance and repair projects, a planned shutdown at 6:00 am coincides with the normally planned SNG Plant shutdowns for maintenance and repair projects. A shutdown at this time would result in a [REDACTED] increase in backup time [REDACTED], and allow HAWAI'IGAS to perform additional work, or respond to unforeseen issues during the project.

## **ATTACHMENT 4**

**Pacific Business News Article (July 2, 2013):  
Tesoro Hawaii being sold to Par Petroleum Corp. for  
nearly \$400M**

## Attachment 4

### **Tesoro Hawaii being sold to Par Petroleum Corp. for nearly \$400M**

Duane Shimogawa

Reporter- Pacific Business News

<http://www.bizjournals.com/pacific/news/2013/06/17/tesoro-hawaii-being-sold-to-par.html?...>  
7/2/2013

Tesoro Corp. said Monday that it has signed an agreement to sell Tesoro Hawaii, LLC, which operates the 94,000 barrel-per-day Kapolei refinery as well as dozens of retail gas stations to a subsidiary of Texas-based Par Petroleum Corp. called Hawaii Pacific Energy LLC for close to \$400 million. Tesoro said the sales price of the Hawaii operations is \$75 million, plus the market value of net working capital, which is expected to be approximately \$225 million to \$275 million. Also included is an earn-out arrangement payable over three years up to \$40 million based on consolidated gross margins, Tesoro said. The sale is expected to close during the third quarter. Following the closing, the retail gas stations will remain under the Tesoro brand, Par Petroleum said. As part of the agreement, Houston-based Par Petroleum intends to operate the refinery, which sent layoff notices to some 165 employees two weeks ago, as well as the retail gas stations and other logistics systems, Tesoro Corp. (NYSE: TSO) said in a statement.

"We are pleased to have reached this positive outcome for the company," Tesoro President Greg Goff said in a statement. "While the Hawaii operations do not align with our strategic focus, we believe they offer a great opportunity for Par Petroleum." Lance Tanaka, spokesman for Tesoro Hawaii, told PBN that it is the company's understanding that there would be no layoffs and that the process of laying off workers, which was to begin on Friday, has been stopped.

The company, which announced plans to end refining operations in January, said two weeks ago that it was still in discussions with potential buyers and that it had "mothballed" its refinery in case a buyer was to emerge from discussions. "The new company intends to pick up the workers," Tanaka said.

For Tesoro, the Kapolei refinery became a misaligned aspect of its business. "We felt that there was somebody out there with the right business plan to make it work and that's what we found," Tanaka said. "Personally, I think this is the best possible outcome [because] here we have online refining that will be preserved and we have found someone willing to invest in our employees and the state of Hawaii will have refining and energy security, as well as Tesoro now being able to focus on its Mainland assets." He said that Par Petroleum officials made the sales announcement Monday morning at Tesoro's Kapolei operation, with the transition starting immediately.

Tesoro Hawaii being sold to Par Petroleum Corp. for nearly \$400M - Pacific Business  
the largest study of its "We are now in restart mode and we have to do a maintenance turnaround," Tanaka said. "Tesoro will be responsible to restarting the refinery and at that point, Par will take over." First off is ordering crude oil, getting it shipped in and getting all of its units fired up, he said. "We expect to start producing product in September," Tanaka said. "There are some regulatory clearances [we have to go through] such as the U.S. Federal Trade Commission and the state attorney general, but we're expecting a noneventful process."

## **Attachment 4**

U.S. Sen. Brian Schatz, D-Hawaii, said the purchase will save jobs in Hawaii. "We have been in constant contact with Tesoro Corp. about maintaining fuel security in our state and working hard to ensure that the workers at the refinery keep their jobs," Schatz said in a statement. "We thank Par Corp. for being willing to invest in a refining operation as a critical component to Hawaii's economy. This will help with the availability of jet fuel, diesel fuel and other refined products."

Publicly-traded Par Petroleum (Other OTC: PARR), formerly known as Delta Petroleum Corp., manages and maintains interests in a host of energy-related assets, including natural gas, according to its website.

Its primary asset is a 33 percent minority ownership interest in a joint venture called Piceance Energy LLC, which was formed last August. Par Petroleum also has interest in the Point Arguello offshore unit in California, its website said. Aegis Energy Advisors Corp. and Norton Rose Fulbright advised Tesoro in Monday's transaction.

Duane Shimogawa covers energy, real estate and economic development for Pacific Business News.

## **ATTACHMENT 5**

**Pacific Business News Article (January 8, 2013):  
Tesoro converting Hawaii refinery to a terminal**

## Attachment 5

From the Pacific Business News

<http://www.bizjournals.com/pacific/news/2013/01/08/tesoro-closing-hawaii-refinery.html>

Jan 8, 2013, 11:41am HST Updated: Jan 8, 2013, 3:40pm HST

# Tesoro converting Hawaii refinery to a terminal



Duane Shimogawa

Reporter- Pacific Business News

[Email](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#)

**Tesoro Corp.'s** Hawaii refinery in Kapolei, the largest of the two oil refineries in the state with a capacity of 94,000 barrels a day, is closing its refining operations in April and will convert it to an import, storage and distribution terminal.

It is expected that between 180 and 200 positions will be affected by the closure, according to Lance Tanaka, spokesman for Tesoro Hawaii.

Tesoro Hawaii has a total of about 500 employees, including around 240 at the refinery.

"We are thinking about bringing the units down during the first quarter of this year," Tanaka told PBN. "We will be looking to sell our gas stations and logistics business."

A local real estate source told PBN that an Asian entity is in negotiations to buy Tesoro Hawaii's more than two dozen retail gas operations.

Tesoro Hawaii said the company will maintain the existing distribution system to support marketing operations and fulfill its supply commitments with various parties, including the military and utilities, while continuing to offer the terminal, distribution and retail assets for sale.

"We have been assured by Tesoro officials that all fuel supply commitments will be honored," Darren Pai, a spokesman for Hawaiian Electric Co., said in a statement. "We have existing contracts with Tesoro and any changes to those contracts would be subject to future negotiations and review and approval by the Hawaii Public Utilities Commission."

Gov. Neil Abercrombie said in a statement Tuesday that "after a good faith effort to continue current refining operations, Tesoro Hawaii has determined that it is in its own best business



## Attachment 5

interests to convert its Hawaii refinery into a terminal facility.”

Page 2 of 2

“We have offered to work with Tesoro Hawaii in exploring remaining options and achieving an orderly transition for its employees and the state’s energy needs,” he said.

The Texas-based company told U.S. Sen. Mazie Hirono’s office that the closure will not disrupt Hawaii’s supply of gasoline for consumers or the military, Hirono, D-Hawaii, said in a statement.

“The closing of the Kapolei refinery, one of only two refineries in Hawaii, is terrible news for the state and the workers who will lose their job because of this action,” she said. “I will work closely with Hawaii’s delegation, state officials and community leaders to ensure displaced workers and their families receive whatever federal assistance is available to them as they search for new jobs.”

Tesoro held a meeting with Richard Lim, director of the state Department of Business, Economic Development and Tourism, and State Energy Office Administrator Mark Glick on Monday, letting them know that there was no buyer for the refinery and that it plans to close down, a source with the state told PBN.

Tesoro management made the announcement to the refinery’s 240 employees on Tuesday morning, according to the source.

Tesoro Corp. (NYSE: TSO) announced a year ago that it planned to sell its Hawaii operations.

It expects to realize between \$300 million and \$350 million in cash by the end of 2013, driven by a reduction in working capital needs as a result of this conversion.

“I think most people would agree that the news of this sort is of concern to people and we’ve heard from government officials that this is not the best news, but it’s a business decision,” Tanaka said. “The Hawaii business is no longer within the strategic focus of the company.”

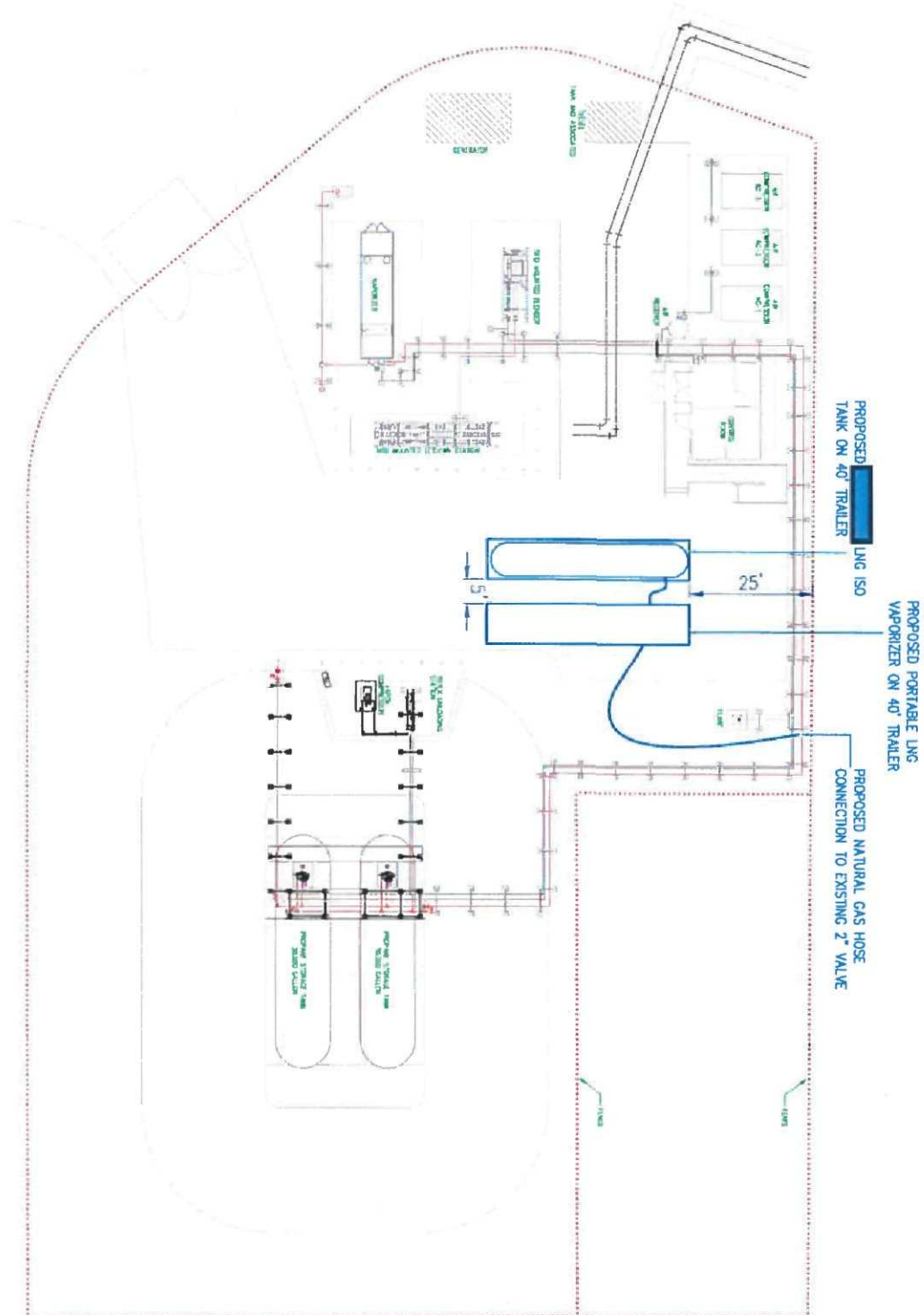
Duane Shimogawa covers energy, real estate and economic development for Pacific Business News.

## **ATTACHMENT 6**

### **Backup Enhancement Project Diagram**

## Attachment 6

### Backup Enhancement Project Diagram



# **ATTACHMENT 7**

## **Fuel Supply Options**

(PORTIONS OF ATTACHMENT 7 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

**Attachment 7**  
**Fuel Supply Options**

There is a relatively large number<sup>54</sup> of small-scale liquefaction or LNG peaking facilities located in the 48 contiguous states that could potentially supply the small-scale demand requirement in ISO size containers needed for the Backup Enhancement Project. For the Backup Enhancement Project, HAWAII'IGAS focused on vendors located near the West Coast of the United States and Canada due to ground transportation cost considerations.

HAWAII'IGAS received LNG supply offers [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HAWAII'IGAS received shipping quotes from [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>54</sup> There are 59 small gas liquefaction or LNG gas peaking facilities as of 2008.

<sup>55</sup> The Sumas Index is published monthly in Platt's *Inside FERC* publication.

<sup>56</sup> The Southern California Gas index is published daily in the Platt's *Gas Daily* publication.

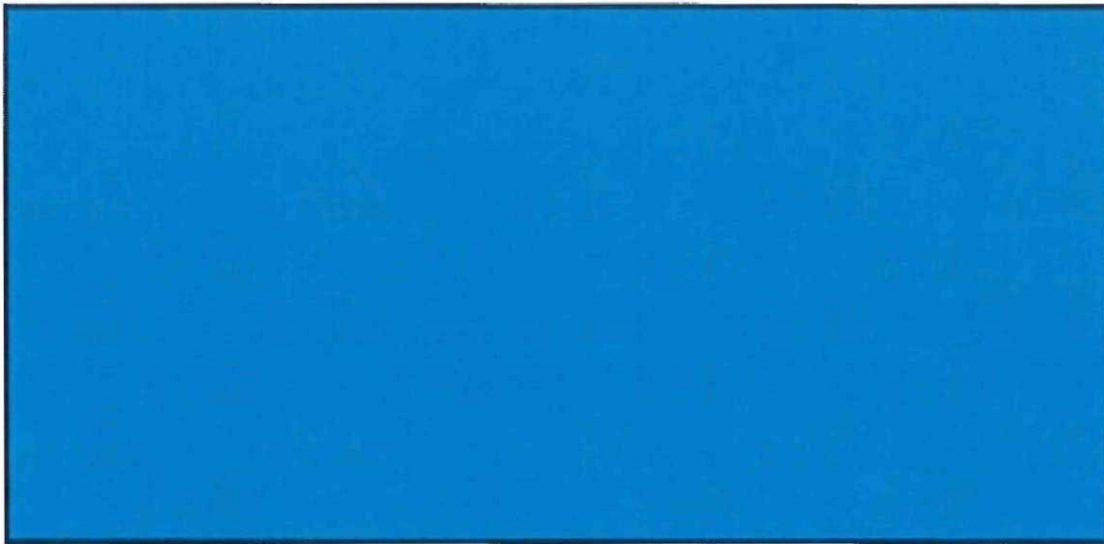
<sup>57</sup> Henry Hub Index is based on delivery to the Henry Hub in Louisiana, which is the centralized point for natural gas futures trading in the U.S. Henry Hub Index is the basis for the New York Mercantile Exchange futures contract which is published daily.

**Attachment 7**  
**Fuel Supply Options**

[REDACTED]

[REDACTED]

HAWAI'IGAS considered two supply models for the LNG and delivery pricing. The first model (Option 1) involved HAWAI'IGAS purchasing the LNG directly from the suppliers and using [REDACTED] to deliver the LNG to HAWAI'IGAS using HAWAI'IGAS' LNG ISO containers. The second model (Option 2) involved having a third party handle both the LNG procurement and shipping using HAWAI'IGAS' LNG ISO containers.<sup>59</sup> The results of the two pricing models show that having HAWAI'IGAS separately negotiate the fuel supply and shipping contracts results in a better delivered price of LNG on a per therm basis. HAWAI'IGAS is able to save a significant amount per therm by negotiating directly with the suppliers, instead of having a third procure the LNG on HAWAI'IGAS' behalf. Figure 1 below is the summary of the delivered costs for the two different models.



<sup>58</sup> [REDACTED]

<sup>59</sup> [REDACTED]

**Attachment 7**  
**Fuel Supply Options**

Figure 1 – LNG Supply options

Based on the arrangement of [REDACTED] LNG supply with [REDACTED] delivery having acceptable commercial terms and the most competitive delivered prices for currently available LNG of [REDACTED] on a per therm basis, HAWAII'IGAS proposes to enter into a fuel supply agreement with [REDACTED] (the "Fuel Supply Agreement"),<sup>60</sup> and a fuel delivery contract with [REDACTED] (the "Fuel Delivery Contract").<sup>61</sup> [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The second best price of currently available LNG was from [REDACTED] as the supplier plus [REDACTED] for delivery, at [REDACTED] on a per therm basis.<sup>65</sup> Because HAWAII'IGAS determined that the lower-cost [REDACTED] offer described above was preferable for HAWAII'IGAS and its ratepayers, HAWAII'IGAS did not select [REDACTED] LNG supplier.

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<sup>60</sup> See Attachment 1.

<sup>61</sup> See Attachment 2.

<sup>62</sup> [REDACTED]

<sup>63</sup> [REDACTED]

<sup>64</sup> [REDACTED]

<sup>65</sup> [REDACTED]



**Attachment 7**  
**Fuel Supply Options**

[REDACTED]

[REDACTED]<sup>66</sup> As discussed in detail in the Application, due to concerns regarding potential disruptions to the SNG Plant's operations, especially in connection with the anticipated transition of the Refinery to Par, HAWAII'IGAS believes it is necessary, reasonable, and in the public interest to implement the Backup Enhancement Project during the period of initial operations of the Refinery under new ownership. [REDACTED]

[REDACTED]<sup>67</sup>

HAWAII'IGAS selected [REDACTED] to provide transportation because of their experience, volume leverage, dependability and their offer of door to door service.<sup>68</sup> [REDACTED] has handled the transportation of hazmat and non-hazardous liquids in ISO containers between the West Coast and Hawaii for years. The other shipping companies only offered to handle part of the shipping, which would have required HAWAII'IGAS to manage multiple delivery contracts. The primary benefit of using one party to handle all the transportation arrangements is to minimize issues that accompany the custody transfer of equipment and cargo. [REDACTED] maintains the custody of the cargo and orchestrates the transfer from land to sea and back to land transportation.

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<sup>66</sup> [REDACTED]

<sup>67</sup> [REDACTED]

<sup>68</sup> See Attachment 8 for details on the shipping arrangements.

## **ATTACHMENT 8**

### **Estimated ISO Container Cycle Time**

(PORTIONS OF ATTACHMENT 8 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

**Attachment 8**  
**Estimated ISO Container Cycle Time**

HAWAII GAS intends to have a minimum of one (1) filled 40-foot LNG ISO at Pier 38 available to support the SNG backup system each month. With two ISO containers in the fleet, one filled container will be stationed at Pier 38 for back-up supply and the other ISO in transit for refilling on the West coast.

The roundtrip transit cycle between Hawaii and [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

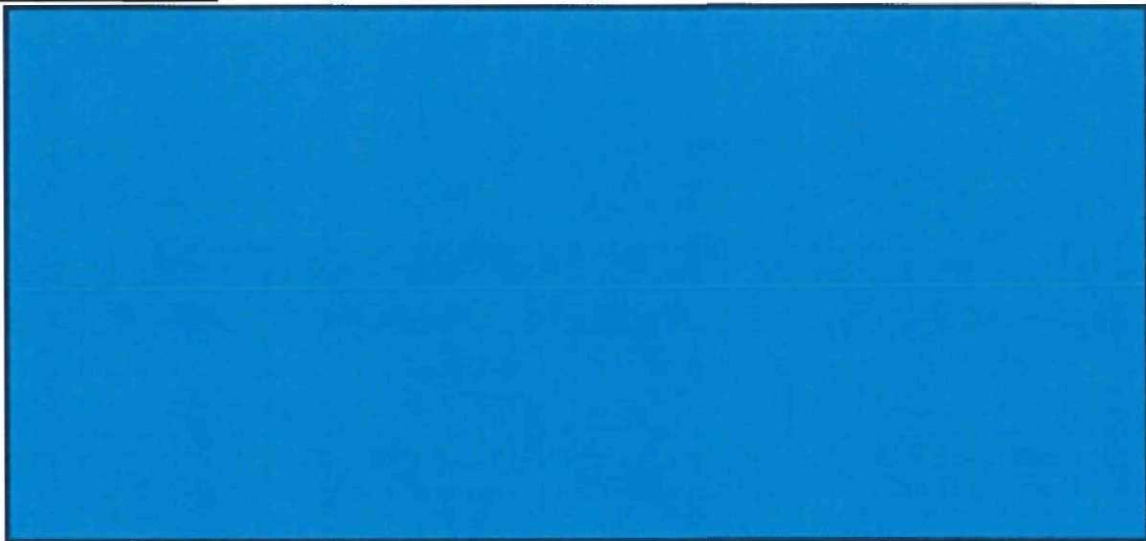
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



# **ATTACHMENT 9**

## **Capital Budget**

(PORTIONS OF ATTACHMENT 9 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

## Attachment 9 Capital Budget

In order to implement the Backup Enhancement Project, HAWAI'IGAS' utility business proposes to purchase: (a) three liquefied natural gas ("LNG") International Standards Organization ("ISO") containers, (b) a trailer chassis, and (c) a trailer mounted (i.e., mobile) re-gasifier ("Re-Gasifier").<sup>69</sup> In addition, HAWAI'IGAS will need to make certain improvements at the Pier 38 site to accommodate the Backup Enhancement Project, including the installation of approximately 40 feet of three inch steel gas piping and modification to the PABS software to ensure the proper mixing of propane-air with natural gas. The HAWAI'IGAS utility proposes to purchase the LNG equipment originally purchased by its Non-Utility Operations consisting of two (2) LNG ISO containers and one mobile re-gasifier, collectively ("LNG Equipment")<sup>70</sup>, to deliver natural gas to the Oahu Utility Gas District at the lower of current market cost or purchase cost for the LNG Equipment, including applicable transportation, overhead, delivery and inspection cost. [REDACTED]

[REDACTED]

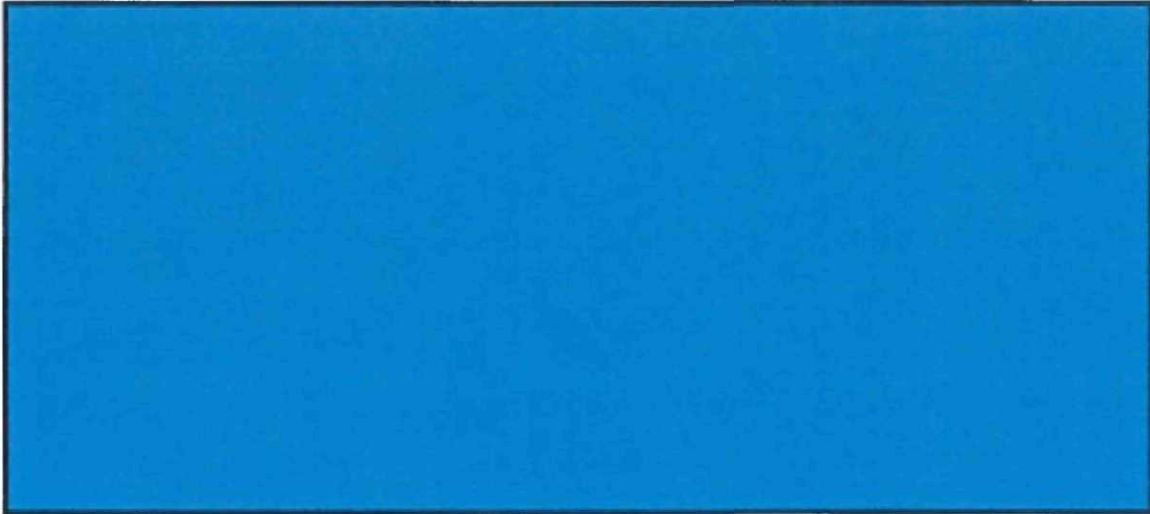
[REDACTED]

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<sup>69</sup> HAWAI'IGAS notes that its non-utility business previously purchased two ISO containers and a Re-Gasifier, at a time when HAWAI'IGAS' non-utility business intended to use such equipment to serve both utility and non-utility customers. However, HAWAI'IGAS' has elected to focus on the immediate need of the utility for this purchased, but never used equipment, and the HAWAI'IGAS utility business hereby proposes to purchase from HAWAI'IGAS' non-utility business, the two ISO containers and the Re-Gasifier for utility backup. HAWAI'IGAS has not yet committed any funds for the third ISO container, trailer chassis, and Pier 38 modifications.

<sup>70</sup> For more details on the selection of the LNG Equipment, please see Attachment 10, Equipment Selection, attached hereto.

**Attachment 9**  
**Capital Budget**



A. LNG ISO COST

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

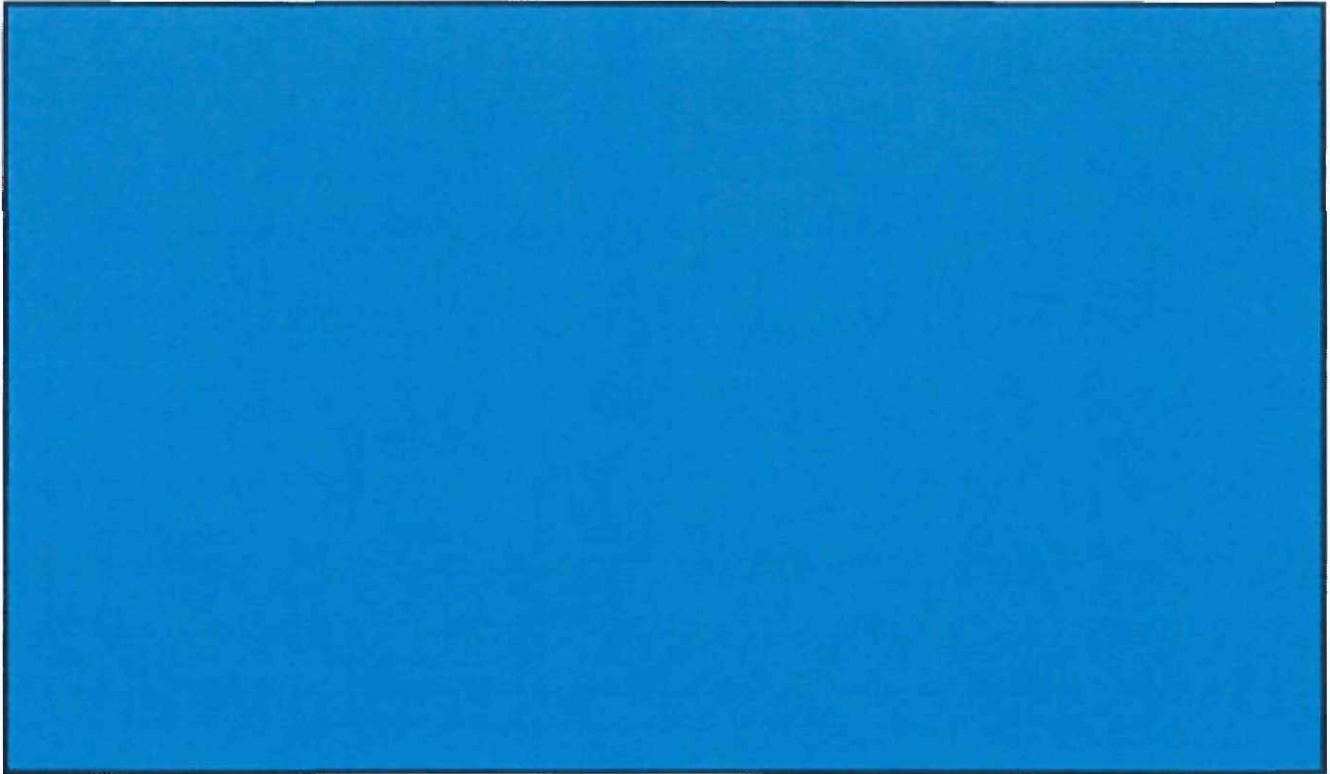
[REDACTED]

[REDACTED]

[REDACTED]

CONFIDENTIAL INFORMATION DELETED  
PURSUANT TO PROTECTIVE ORDER TO  
BE ISSUED IN THE SUBJECT DOCKET

**Attachment 9**  
**Capital Budget**





**Attachment 9**  
**Capital Budget**

B. RE-GASIFIER TRANSFER COST

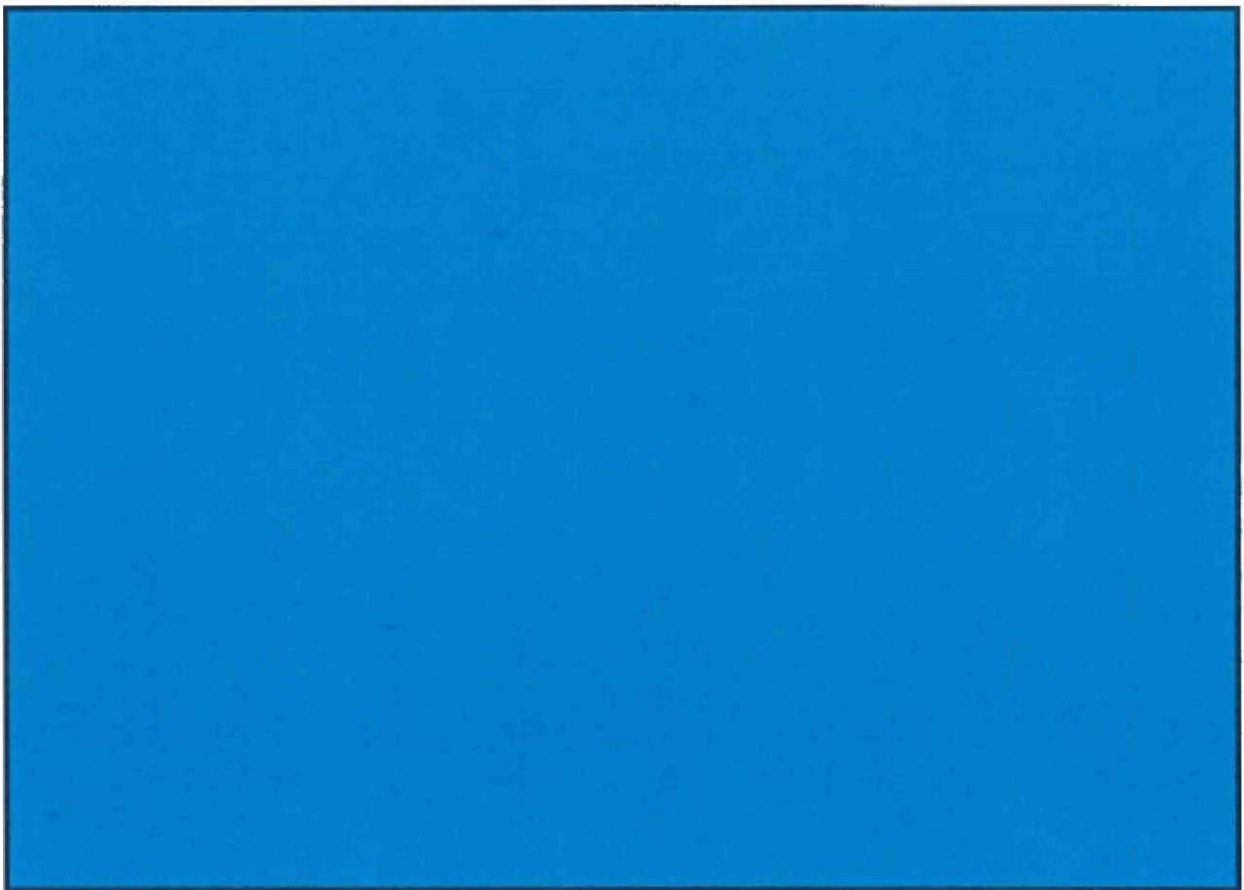
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



HAWAI'I**GAS** encountered some difficulties in finding a LNG re-gasifier that were portable and met the specifications that were required. Most units that were readily available were designed for a specific customer use and did not provide adequate flow and capacity to support a gas utility system. Ambient airs, as well as water bath re-gasifiers were reviewed, and delivery time, capacity and portability were key factors, in addition to cost and support, in

**Attachment 9**  
**Capital Budget**

making the final selection. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

C. STANDBY ISO ON CHASSIS

HAWAII GAS initially looked at purchasing an ISO Trailer, which is an LNG tank permanently hard mounted on to a trailer, to be kept in standby mode for emergency response in the event it is needed in the event one of the supply ISO containers is damaged and the LNG in the damaged ISO needs to be transferred into the ISO Trailer. By comparison a LNG ISO mounted on a chassis dedicated for standby purposes was more versatile and more readily available. [REDACTED]

[REDACTED]

**Attachment 9**  
**Capital Budget**

D. PIER 38 MODIFICATIONS

Modifications to PABS located at Pier 38 consists of approximately forty feet of three inch steel gas piping and modifications to the PABS operating system software to permit the proper mixing of propane-air and natural gas produced by the Backup Enhancement Project.

As shown in Figure 1, [REDACTED]

[REDACTED]

# **ATTACHMENT 10**

## **Equipment Selection**

(PORTIONS OF ATTACHMENT 10 HAVE BEEN REDACTED AS CONFIDENTIAL, TO BE PROVIDED CONFIDENTIALLY UNDER SEPARATE COVER PURSUANT AND SUBJECT TO THE TERMS OF A PROTECTIVE ORDER TO BE ISSUED IN THE SUBJECT DOCKET)

### Attachment 10 Equipment Selection

HAWAI'IGAS selected the LNG Equipment<sup>71</sup> based on nonutility ownership of the equipment and use in utility and nonutility applications but the selection criteria used to purchase this equipment is directly applicable for equipment to be used to supplement the PABS and for localized distribution system support by the utility. HAWAI'IGAS conducted a search for various LNG equipment manufacturers to determine which company could provide the equipment that met HAWAI'IGAS' equipment specifications. A request for proposal was not generated due to several manufacturers indicating that the equipment was not standardized and typically was built based on individual specifications and availability. This required HAWAI'IGAS to meet with several suppliers one-on-one to discuss HAWAI'IGAS' requirements and determine what type of equipment was necessary and available. The vendors were also selected based on their responsiveness providing the necessary support to assist HAWAI'IGAS in finalizing the equipment specifications.

#### A. LNG ISO Containers

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

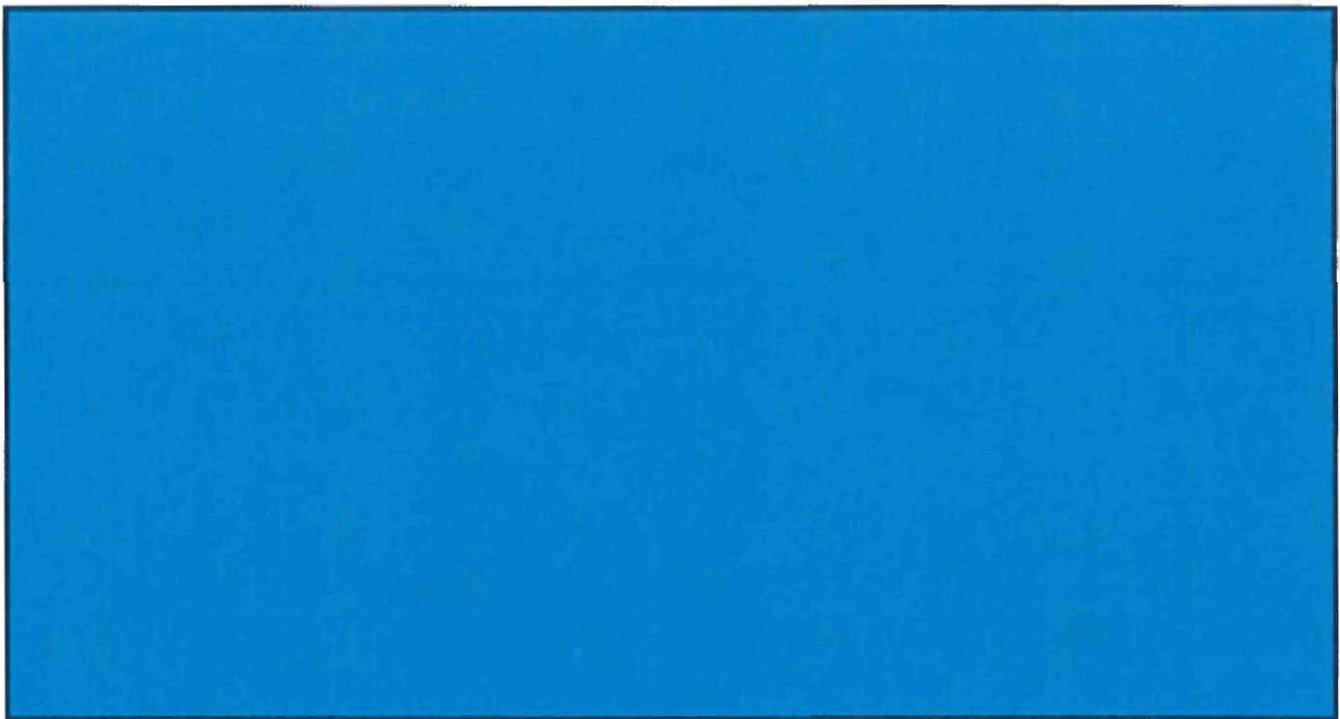
[REDACTED] The higher MAWP is needed to allow the ability to raise the LNG ISO pressure to

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<sup>71</sup> HAWAI'IGAS proposes to transfer LNG equipment originally purchased by its Non-Utility Operations consisting of two (2) LNG ISO containers and one mobile re-gasifier, collectively ("LNG Equipment"), at the lower of current market cost or cost paid for the LNG Equipment, after including applicable overhead, delivery and inspection cost. See Attachment 9 for the breakdown of the Project capital cost estimate of \$950,725.

**Attachment 10**  
**Equipment Selection**

feed into the re-gasifier resulting in an outlet pressure high enough to be introduced into the SNG utility system at Pier 38. The hold time is needed to allow time for the LNG ISO to be transported from the LNG source to the west coast, shipped to Hawaii and have adequate time to stage the unit. [REDACTED] was selected due to their responsiveness, ability to meet the delivery timeframe and desirable equipment specifications. Below is a summary of alternative ISO containers considered:



**B. Mobile Re-gasifier**

For the SNG System Backup Enhancement Project, HAWAII GAS required a mobile ambient air<sup>72</sup> re-gasifier that could fit on a standard 40-foot trailer. The intent for

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<sup>72</sup> There are three main technologies for the small scale LNG re-gasifiers; 1. submerged combustion, 2. shell and tube, and 3. ambient air. Submerged combustion and shell and tube re-gasifiers typically consume natural gas to heat water or glycol solution. The heat energy in the liquid is transferred to the LNG through heat exchange tubes; to accelerate the regasification of LNG. The advantage of these re-gasifiers is that high flow rates can be sustained with relatively small plant footprint. Ambient air re-gasifiers take advantage of heat in the air to support LNG regasification. The main advantage is that it does not require fuel; making it the most cost effective and least complex to operate. Ambient air re-gasifiers are typically limited to relatively lower flow rates for the equivalent plant footprint, and require defrost cycles.



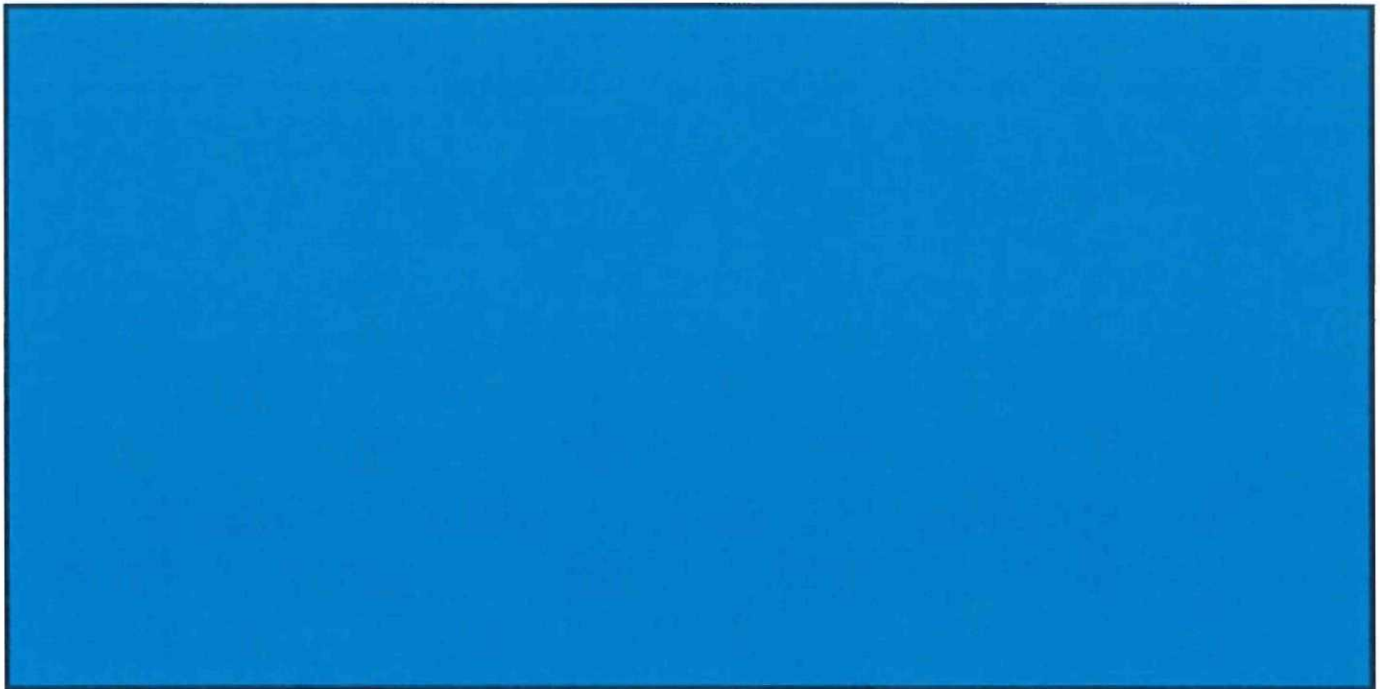
**Attachment 10**  
**Equipment Selection**

installing the re-gasifier on a trailer was to keep the equipment mobile so it could be deployed to provide gas supply when and where it was needed. This mobility requirement also meant that that the manufacturer would have to build the re-gasifier to meet HAWAI'IGAS' specifications. HAWAI'IGAS also had an expedited time requirement, based on the announced sale and/or shut down of the Tesoro Refinery.

[REDACTED]

[REDACTED]

[REDACTED] Below is a summary of the proposals HAWAI'IGAS received from the manufacturers:



[REDACTED]

[REDACTED]

[REDACTED]

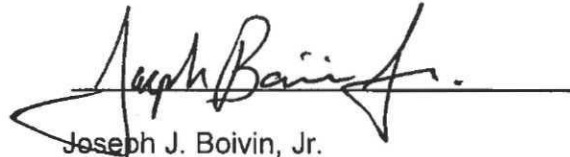
[REDACTED]

[REDACTED]



STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

Joseph J. Boivin, being first duly sworn, deposes and says: That he is the Senior Vice President of The Gas Company, LLC, Applicant in the above proceeding, has read the foregoing Application, and knows the contents thereof; and that the same are true of his own knowledge except as to matters stated on information or belief, and that as to those matters he believes them to be true.



Joseph J. Boivin, Jr.  
Senior Vice President  
The Gas Company, LLC  
dba HAWAII GAS

Subscribed and sworn to before me this  
12<sup>th</sup> day of August, 2013.



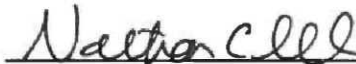
Notary Public

FIRST Judicial Circuit, State of Hawaii

My commission expires: 11/04/2016



This 86 page APPLICATION FOR BACKUP ENHANCEMENT, including this acknowledgment, dated 8-12-13, was subscribed and sworn to before me this 12<sup>th</sup> day of August, 2013, in the First Circuit of the State of Hawaii by  
~~NATHAN C. NELSON~~ JOSEPH J. BOIVIN



Type or Print Name: Nathan C. Nelson  
Notary Public, State of Hawaii

My commission expires: 11/04/2016

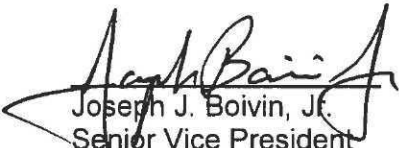
CERTIFICATE OF SERVICE

I hereby certify that copies of the Application with Attachments 1 through 11, and this Certificate of Service, were duly served on the following parties, by having said copies delivered by hand to the party at the address set forth below:

Two copies, hand delivered:

Jeff Ono  
Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs  
335 Merchant St., Room 326  
Honolulu, HI 96813

DATED: Honolulu, Hawai'i, 8/12, 2013.

  
Joseph J. Boivin, Jr.  
Senior Vice President  
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dba HAWAII GAS  
P.O. Box 3000  
Honolulu, HI 96802-3000  
(808)535-5934